

A Turning Point in Learning and Development?

The critical impact of economic crisis on learning organizations

By Sharon Daniels, President and CEO



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Discussions among business pundits and economic experts have transitioned from how to survive the downturn to what businesses should do now that the worst of the recession may be behind us¹.

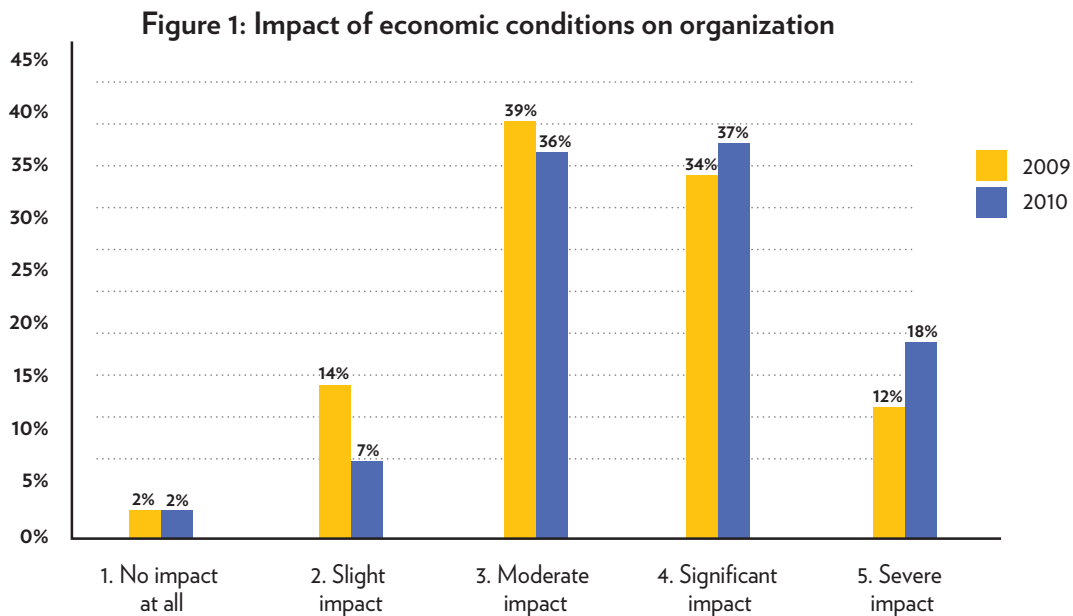
Organizations continue to experience tremendous pressure to build revenue and shareholder value. Productivity reports indicate that companies have to do more with fewer resources—both capital and human. Ultimately, there’s a continuing need to manage and rationalize expenditure. The paradox is that this transformation also requires organizations to learn and to evolve in response to a reconfigured world. In effect: change requires cutbacks, but it also increases the need to learn.

So what are organizations doing to optimize their resources? What tactics are they using to improve the returns on their training investments? How are learning initiatives being affected by economic change? And are there any long-term implications for the learning organization beyond the immediate context of change? These questions inspired our recent research on learning in tough economic times.

Findings

Economic Impact and the Organization

Overall, most participants indicated that economic conditions continue to have a moderate to severe impact on organizations into the second quarter of 2010. In 2009, 85 percent of respondents reported moderate to severe impact of the economy on their larger organization, while in 2010 more than 90 percent of respondents reported moderate to severe impact. While there is no significant difference in this, respondents in 2010 were more likely to rate the severity of impact a “4” or “5” on a five-point scale (55 percent). See Figure 1.



¹ According to a Business Intelligence Board Survey by *CLO Magazine*, 60 percent of businesses are more optimistic about employee development in 2010 compared to 2009.

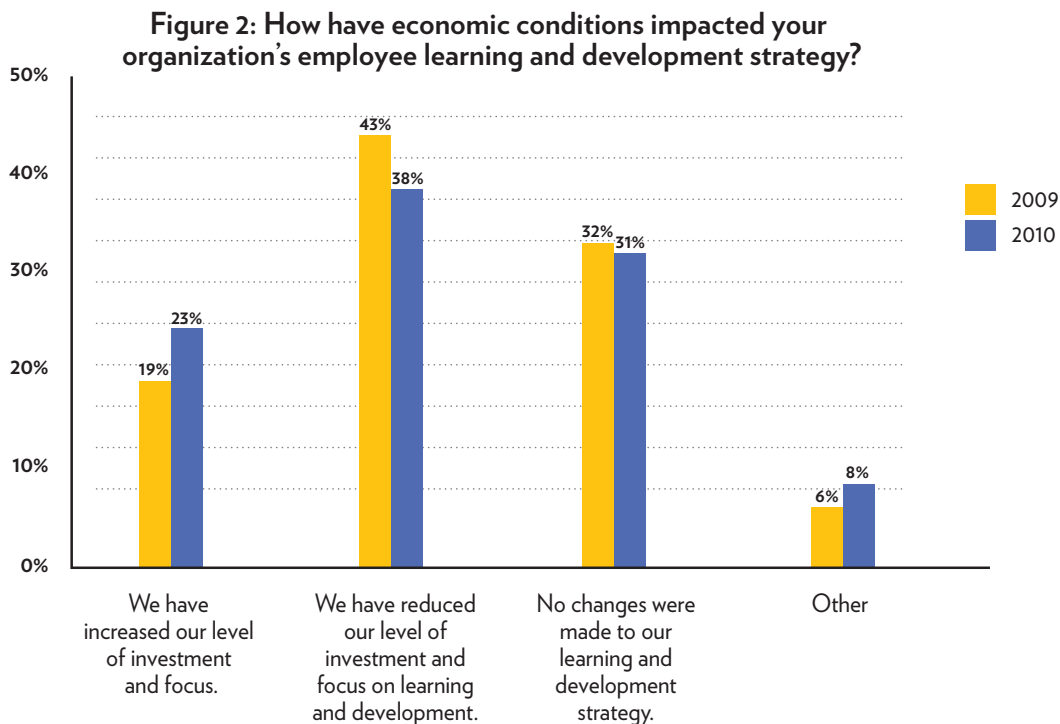
The slight trend upward is perhaps because in 2009, many organizations were in a “holding pattern,” simply waiting to see how the economic shifts would affect their industry and their organization. In 2010, organizations likely have a better sense of how the economy has already impacted their environment. The primary difference between 2009 and 2010 is that organizations have had a year to develop strategies to survive and even grow.

Economic Impact on L&D

Much like the impact on the wider organization, respondents indicate little to no change in maintaining or increasing their level of investment and focus on training. In 2009, 19 percent of respondents reported increasing their investment and focus, while 32 percent held steady on their strategy. These numbers are little different in 2010, with 23 percent of respondents reporting increased investment and focus, and another 31 percent holding steady. While the data indicate a slight decline in organizations who were reducing investment and focus in 2010 (38 percent) compared with 2009 (43 percent), the decrease is perhaps not as significant as might be expected. See Figure 2.

These small changes in perceived economic impact on both organization and learning strategy is perhaps good news for the business world. The implication is that the economic impact is not worsening, which mirrors wider sentiment that the economy has moved past its lowest point. Added to this, the higher percentage of participants reporting an increase in their level of investment and focus on learning and development strategy offers further reason to be optimistic.

A small percentage of respondents indicated no change to their learning and development strategies. These participants were also invited to share further details, and their answers provide insight into how organizations are continuing to maintain focus while being more discerning with their budgets and more intentional with their strategies. Companies reported that their “focus is still on learning and development, but now at the employees expense,” and that they were putting “many courses online” in order to reduce travel. One participant noted, “... we are looking more closely at more efficient/effective approaches such as blended opportunities.”



Prioritization of learning initiatives

In both 2009 and 2010, leadership and sales training continue to see the most increase in investment of resources. While the results from the two years of study are statistically similar, the findings indicate that investment levels are slightly higher for all but one area: diversity training. In 2009, 31 percent indicated that diversity training received additional investment, while in 2010, only 19 percent indicated additional investment in diversity training. See Figure 3.

Perhaps most surprising in this area of the study is the finding that in both 2009 and 2010, leadership training received the highest percentage of responses among all areas of learning and development. In 2009, 69 percent of respondents indicated that leadership training received additional investment, while in 2010, 74 percent of respondents pointed to leadership training as receiving additional investment. The inference here is that even while organizations are experiencing constrained budgets, and there is focused concern over revenue generation—which would suggest the need for additional sales training—organizations value more the importance of building bench-strength at the leadership level.

Respondents were also given the opportunity to explain what, if any, other training areas receiving increased investment. The responses all pointed to areas that are directly related to business priorities and include:

- “Business Process Improvement”
- “Expense Management”
- “Collections and Default Training”
- “Performance Management”
- “Foundational Training (such as new hire programs and core knowledge/skills)”

Overall, far fewer respondents indicated that they were lowering their investments in 2010 and, again, cuts in diversity training were at the fore. See Figure 4.

This suggests that diversity training is perhaps the first learning and development casualty of the economic downturn and mirrors our findings in another recent research report by AchieveGlobal on *Developing the 21st Century Leader*. In this, leaders overwhelmingly indicated that among six leadership zones, diversity is the least valued. This also suggests that diversity is perhaps seen as least connected to organizational priorities.

Figure 3: What areas of L&D received additional investment?

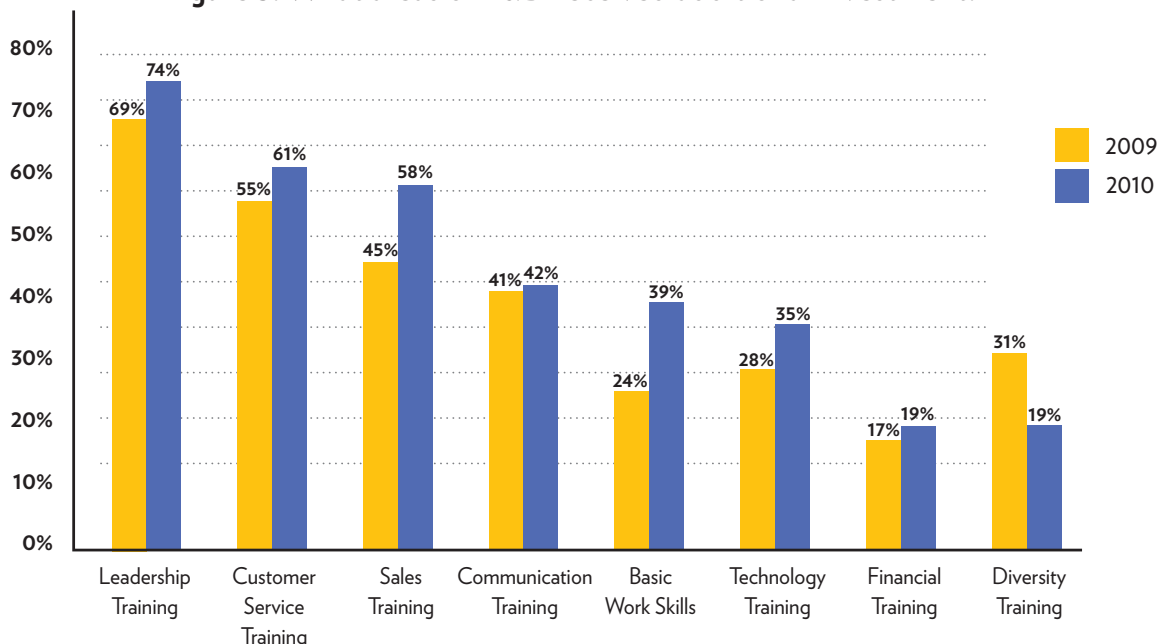
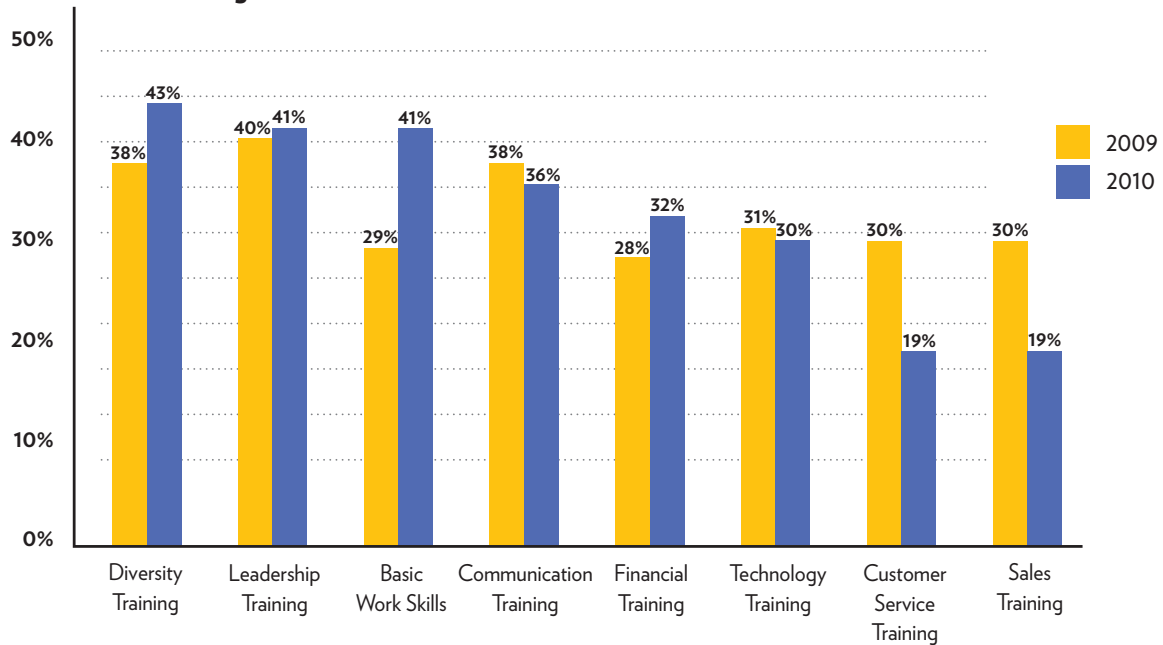


Figure 4: What areas of L&D received less investment?



Learning: Strategy or Tactic?

In 2010, 58 percent of survey participants indicated that they “somewhat agree” or “totally agree” that their learning and development initiatives are strategic investments, up from 52 percent in 2009. See Figure 5.

Our findings in this part of the study mirror a recent Business Intelligence Board Survey by *CLO Magazine*. This survey reported that COOs have specific attitudes toward the new strategic training function and indicated that training organizations now have:

- Developed better understanding of what training topics have an impact on the bottom line
- Learned that fewer resources can equal greater added value
- Increased relevance to organizational success
- Aligned more closely to overall organizational direction
- Targeted goals directly in support of business strategy

In all, the evidence provided by our surveys suggests that organizations continue to hone the intentionality of their learning and development functions by rationalizing the choices made against the bigger picture of organizational strategy and success.

How the Learning Function is Changing

In response to the changing reality as defined by the recent economic downturn, among other approaches, executives are making changes to the learning structure, while revisiting and revising the delivery methods.

Most survey participants reported that their training functions are centralized (62 percent), with a little over 28 percent being decentralized. Only 8 percent of all respondents indicated that their organizations had “federated” learning and development models. The differences among the three structures are outlined on the following page.

It is not surprising that more organizations have a consolidated or centralized structure, as this is widely regarded as offering a lower cost base. It also offers

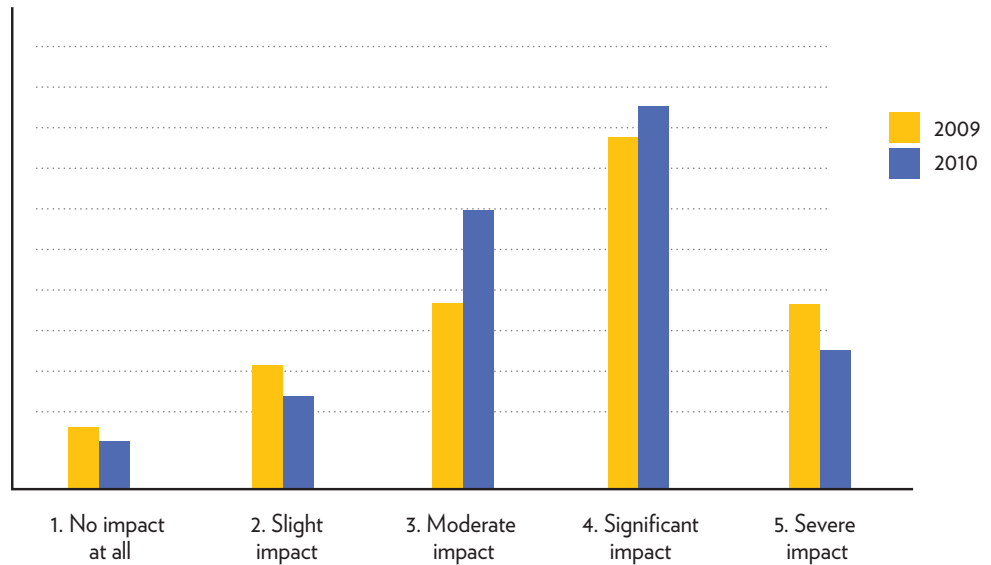
more opportunity for organizations to align learning initiatives with corporate strategy.

Changes in Delivery Modalities

Survey respondents were asked to report on changes in the use of various modalities in their learning and development functions.

Increases were highest for Web-based eLearning (67 percent), with Web-based training second highest (62 percent), and mentoring and coaching in third place (60 percent). Overall, the modalities that were rated as receiving increased use were those that offered remote delivery for participants, and, therefore, implied lower costs for travel and other associated expenditure. The delivery modalities that saw decreases in use included classroom training (41 percent) and external seminars and conferences (60 percent). The overall trend was to move away from face-to-face interactions.

Figure 5: To what extent do you agree?: Our employee development has become more of a strategic investment than a tactical response to organizational pressures during periods of economic hardship.



Obviously, each of the training delivery systems identified represents varying levels of investment for the training organization. It is worth noting that in both 2009 and 2010, respondents anticipated a decline in the use of more resource-intensive training delivery systems. In both years, 60 percent or more of participating training professionals said they planned to decrease their use of “external seminars, conferences and business school workshops.” Not surprisingly, around 40 percent of respondents in each study anticipated using less classroom training.

Centralized Learning Structure	Decentralized Learning Structure	Federated Learning Structure (Shared Services)
Reduces costs	Local programs	Expensive to maintain
Improves quality and consistency	Leaders rotated in and out of training function	Labor-intensive
Creates strategic alignment	Management intimately involved	Often run by steering committee
Implements capital intensive programs	Provides highly customized solutions	Allows flexibility through regional and functional support

Increase in usage of training delivery systems–Top 5			
2010	%	2009	%
Web-based eLearning	71%	Web-based training (LiveMeeting, Webex)	60%
Web-based training (LiveMeeting, Webex)	67%	Mentoring and coaching	60%
eLearning training modules	66%	Web-based eLearning	56%
Mentoring and coaching	64%	Conference calls	56%
Conference calls	55%	eLearning training modules	55%

Figure 6. Increase in usage of training delivery systems.

Somewhat surprisingly, participants were making minimal use of newer technologies and mechanisms including micro-blogging, mobile learning, social networking, video conference-based training, and next generation eLearning.

The wider picture as we look at how organizations are changing the delivery mechanisms of their learning functions is that the modalities that are enjoying increased popularity are lower-cost, more efficient mechanisms that allow lower expenditure, but effective learning outcomes.

Conclusion and Implications

With the passage of time, we will be able to determine the real turning point of when the economic recession became an economic recovery. In the meantime, however, this study helps us to see that while businesses haven't significantly changed the depth of their investment in organizational learning, they have made changes to the broad structure and approach to learning and development.

Over the period of the two surveys, organizations have been forced to align their learning activities more completely with the wider direction of the

Decrease in usage of training delivery systems–Top 5			
2010	%	2009	%
External seminars, conferences, business school workshops	60%	External seminars, conferences, business school workshops	66%
Classroom training	44%	Classroom training	39%
Textbooks (manuals, articles)	25%	Textbooks (manuals, articles)	22%
Games or simulations	14%	Videotape training	17%
Videotape training	14%	Team meetings	12%

Figure 7. Decrease in usage of training delivery systems.

organization. A beneficial by-product of this is that, now more than ever, organizations view learning and development as long-term strategic investment. Perhaps this too is the reason that organizations are continuing to spend more on leadership training than any other area, since leaders are more likely to affect the overall strategic direction of the organization.

Consolidating the link between learning and development and strategic direction is perhaps one of the few, unexpected benefits of the recent economic downturn. The slow evolution to this milestone is in itself a significant turning point in philosophy of the learning organization that should be encouraged and expanded.

This study also documents a trend toward increased use of technologies that allow learning from afar, so that organizations can reach employees in remote areas without the costs of face-to-face modalities. It's clear that the factor motivating this trend is cost, since other traditional modalities like mentoring, coaching, and conference calls are still highly popular. Regardless of the motivation, organizations must ensure that they are measuring the effectiveness of *all* learning and development strategies. This is particularly true in the case of newer modalities, which may use more informal structures and, therefore, be more challenging to measure. Organizations must seek innovative and rigorous ways to ensure effective measurement.

Similarly, organizations need to be aware that the appropriateness of learning approaches varies from one organization's culture to another. While some employees within an organization will be comfortable using new technologies for learning, others may need to learn the new technologies before they use the technology to learn other material.

Those within the organization who are given the task of setting the learning agenda will be challenged to find the best use of these emerging modalities that are enabled by powerful, technology-assisted peer networks, as well as the more traditional forms, which still have much relevance to a multi-generational workforce.

Lastly, there is pressing need to carefully re-examine the changes that have taken place in the structure of learning functions, to assess whether they continue to be structurally efficient, technically relevant, and are meeting the broader strategic needs of the organization. For some, changes have been particularly extensive, as indicated by two participants in response to an open-ended question in the 2010 survey:

- *"No true learning organization in existence."*
- *"There is no structure anymore. As belt tightening occurred in the past, learning is viewed as an expense."*

For other organizations, the changes have been less extensive and arguably more positive, bringing efficiency and renewed vigor to the function. Either way, in the calm after the storm, organizations should calmly take stock of the changes and their impacts while ensuring that making it through the recent economic tempest ultimately brings benefits to learners through the restructuring of learning objectives.

Appendix: Changes in Use of Training Delivery Systems for 2009 and 2010

Keeping in mind current economic conditions, is your usage of each of the following training delivery systems likely to increase, decrease or stay the same in the coming year?

	2010				2009			
	Increase	Decrease	Stay the Same	Not Applicable	Increase	Decrease	Stay the Same	Not Applicable
Classroom training	16%	44%	38%	2%	17%	39%	44%	0%
Web-based e-learning	71%	4%	18%	7%	56%	5%	31%	8%
CD-ROM based learning	16%	10%	28%	46%	10%	9%	38%	43%
Videoconference-based training	38%	2%	25%	35%	41%	9%	30%	20%
Web-based training (LiveMeeting, Webex etc)	67%	5%	13%	15%	60%	6%	25%	9%
Team meetings	37%	13%	48%	2%	29%	12%	58%	1%
Games or simulations	25%	14%	40%	21%	23%	10%	40%	27%
Conference calls	55%	3%	26%	16%	56%	6%	32%	6%
External seminars, conferences, business school workshops	13%	60%	25%	2%	4%	66%	25%	5%
E-learning training modules	66%	4%	26%	4%	55%	4%	30%	11%
E-learning games or simulations	40%	4%	24%	32%	31%	8%	35%	27%
Social Networking (Facebook, LinkedIn etc)	32%	1%	20%	47%	33%	7%	23%	38%
Textbooks (manuals, articles)	14%	25%	49%	12%	14%	22%	50%	15%
Collaboration tools (wikis, threaded discussions, shared documents)	40%	3%	30%	27%	45%	6%	28%	22%
Learning through experience (trial and error)	36%	9%	46%	9%	44%	8%	46%	3%
Mentoring and coaching	64%	3%	29%	4%	60%	7%	31%	2%
360-Degree Feedback	33%	4%	40%	23%	33%	8%	45%	15%
180-Degree Feedback	14%	5%	52%	29%	17%	8%	46%	30%
Internal Microblogging	14%	2%	16%	68%	n/a	n/a	n/a	n/a
Knowledge Sharing Intranets/Portals	50%	1%	25%	24%	n/a	n/a	n/a	n/a
Next Generation E-learning (short videos, audiocasts, sims, E-books, e-manuals)	46%	2%	17%	35%	n/a	n/a	n/a	n/a
Mobile Learning	21%	4%	21%	54%	n/a	n/a	n/a	n/a

n/a = no comparable data for 2009

About the Study

In 2009, AchieveGlobal conducted an online survey among 150 participants. This survey was repeated in 2010, this time with 120 respondents. The survey respondents in both instances were all decision-makers or influencers in the decision-making process for purchasing soft skills training and, collectively, they represented over 37 industries across the U.S. This report summarizes the findings of both of these surveys, offering comparison of the data from each study toward understanding how the commitments and efforts in learning and development might have changed over the recent years of economic change.

About the Author

Sharon M. Daniels

President & Chief Executive Officer

Sharon Daniels, President and Chief Executive Officer, has overall responsibility for managing AchieveGlobal. Ms. Daniels returns to AchieveGlobal after a four year absence in which she served as Chief Operating Officer (COO) and Chief Executive Officer of two other training companies in the industry. She originally joined Kaset International in 1991, and served in the roles of Consultant, VP of Operations and General Manager of Field Operations. In 1997 and 1998 she held a leadership role involved in the integration of the three companies: Learning International, Kaset International and Zenger Miller.

Prior to returning to AchieveGlobal, Ms. Daniels served as President and CEO of Communispond, a corporate communications company headquartered in New York. She was introduced to Communispond through her work with Frontline Group, a roll up of eight individual performance improvement companies.

Ms. Daniels career prior to her work in the training industry was in the field of banking. She joined Southeast Bank, headquartered in Miami, Florida, after college and held numerous roles in operations, the mergers and acquisitions team, branch management, and training and consulting. She was with Southeast Bank for fifteen years.

She holds a bachelor of education degree from the University of Florida, and a masters in Training and Organizational Development from the University of South Florida, and has over twenty-five years of experience in general management and sales leadership roles.

On the personal front, Ms. Daniels is an active member of the Instructional Systems Association and American Society of Training and Development. She is married and has three children. In her spare time she enjoys volunteering in her community as well as hiking.

About AchieveGlobal

In the 21st century, the level of human skills will determine organization success. AchieveGlobal provides exceptional development in interpersonal business skills, giving companies the workforce they need for business results. Located in over 40 countries, we offer multi-language, learning-based solutions—globally, regionally, and locally.

We understand the competition you face. Your success depends on people who have the skills to handle the challenges beyond the reach of technology. We're experts in developing these skills, and it's these skills that turn your strategies into business success in the 21st century.

These are things technology can't do. Think. Learn. Solve problems. Listen. Motivate. Explain. People with these skills have a bright future in the 21st century. AchieveGlobal prepares you for that world.



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