



# The Corporate Learning Factbook® 2010

*Overview*

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January 2010



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## Introduction

The global economic recession made 2009 another difficult year for U.S. companies. Financial pressures forced many companies to continue in their mode of cost-cutting and headcount reductions. Despite some positive signs in the third quarter, a full recovery is still a long way off. These pressures continued to impact learning and development (L&D) organizations which, as primarily cost centers, are typically squeezed hard in a budget crunch.

The *Corporate Learning Factbook*®<sup>1</sup> describes the impact of the economic downturn on U.S training organizations. The study provides detailed metrics on training spending, staffing and programs – and shows how these have changed in response to financial pressures. Data from the current study was collected in July and August 2009 through a survey of 1,402 training professionals. As part of an annual series, data from the current year is compared with that of previous years, providing a detailed look at changes over time.

## Overview of Findings



### KEY POINT

Training budgets have fallen a total of 21 percent over the past two years.

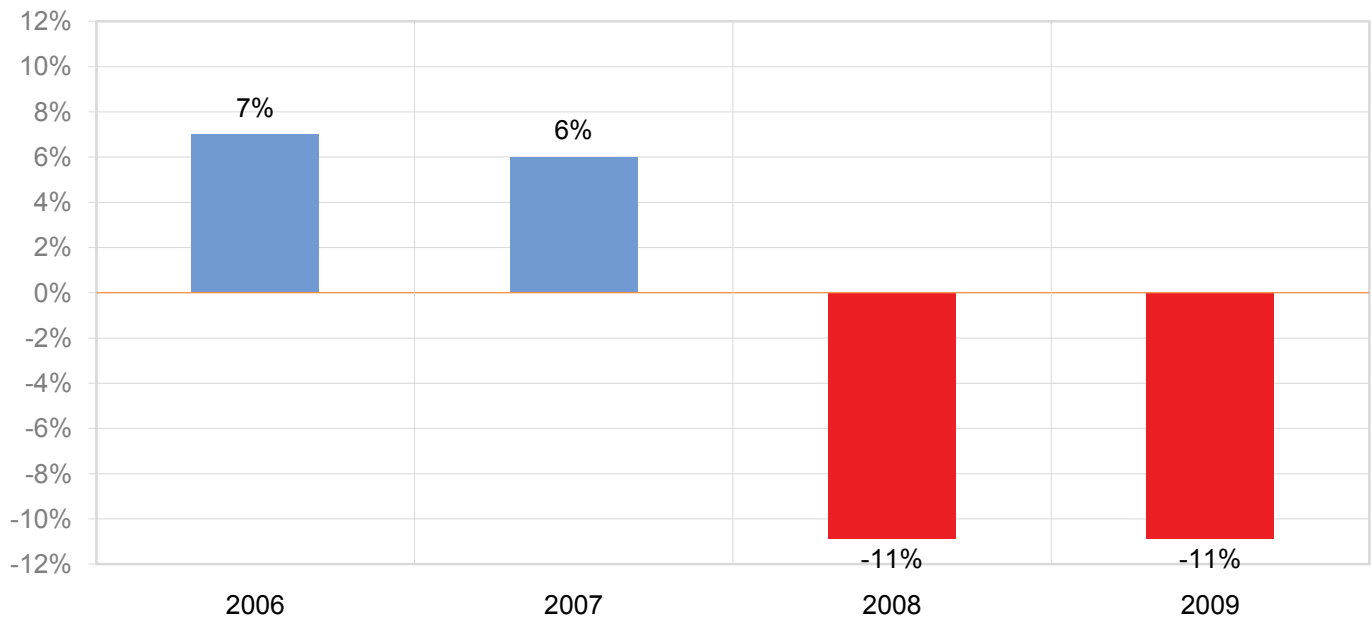
In 2009 the faltering U.S. economy continued to take its toll on training organizations. Companies cut their L&D budgets by another 11 percent from 2008 levels, with median spending falling to \$714 per learner<sup>2</sup>. Combined with the budget reductions that occurred in 2008, training budgets have fallen a total of 21 percent over the past two years. (See Figure 1.)

Many L&D organizations also shed jobs in 2009. The median L&D staff fell from 7.0 staff per 1,000 learners in 2008 to 6.2 in 2009. Small businesses reduced their training staffs by four percent, whereas large companies cut eight percent of their L&D headcount.

Training spending and staffing were down in every industry sector. Large businesses were impacted more severely than small and midsize

<sup>1</sup> For more information, *The Corporate Learning Factbook*® 2010: *Benchmarks, Trends and Analysis of the U.S. Training Market*, Bersin & Associates / Karen O'Leonard, January 2010. Available to research members at [www.bersin.com/library](http://www.bersin.com/library) or for purchase at [www.bersin.com/factbook](http://www.bersin.com/factbook).

<sup>2</sup> Spending figures include L&D budgets, learning technology spending and payroll for L&D staff.

**Figure 1: Year-over-Year Change in Training Spending 2006 to 2009: U.S. Total**

Source: Bersin & Associates, 2009.

firms. Large companies generally have more “fat” to cut, with more L&D program offerings and more L&D staff playing specialized roles.

As part of their cost-cutting efforts, many large companies have centralized their training operations and moved toward a shared-services model. This structure can be especially effective for L&D organizations that span multiple lines of business. Through a shared services structure, they can support the training needs of different business units, as well as align training initiatives to corporate priorities – and with fewer overall resources.

With fewer training personnel and less money to spend, companies delivered less training in 2009. This is partly due to cuts in employee headcount – fewer employees mean fewer learners. But even those employees who survived the layoffs did not all participate in development initiatives. L&D organizations cancelled some of their learning programs and, for the programs that remained, organizations were more selective about who could participate. The days of massive course libraries with open enrollments have come to a halt. Instead, they have been replaced with a more prescriptive approach that seeks to match employees with appropriate development initiatives and with a focus on programs that have the greatest impact to the business.

**KEY POINT**

Online delivery increased in 2009, primarily at the expense of instructor-led classroom training.

The mix of delivery methods also shifted in 2009 in response to budget cuts. Online delivery increased, primarily at the expense of instructor-led classroom training (ILT). Some ILT hours were replaced with virtual classroom training (vILT), which uses a live, remote instructor broadcast online or over video. Self-study e-learning also increased, delivered as part of a blended-learning format or standalone.

Another shift was the increased movement toward informal learning methods. Modern L&D organizations realize that most learning takes place outside of the classroom or online course, and they are putting in place coaching, mentoring and social learning environments.<sup>3</sup> Use of blogs<sup>4</sup> and wikis<sup>5</sup> for learning purposes increased significantly in 2009. Communities of practice<sup>6</sup> also remained popular and continued to be the number one informal learning tool.

Finally, with continued downsizing in L&D staffs, organizations turned to external providers to fill some of their resource gaps. Use of external instructors and facilitators remained the largest area of outsourcing, followed by use of external content developers, which was up significantly in 2009. The latter finding coincides with the increase in online training, which placed greater demands for online content on organizations constrained by fewer resources. Hence, organizations turned to external developers to meet these needs.

In summary, the main picture for 2010 is one of continued belt-tightening. The past two years have been a wake-up call for L&D leaders. Although these years have been difficult, the upshot is that they have forced training organizations to become more efficient and better aligned with the business. L&D organizations have the opportunity to restructure their operations, make changes to their development and

<sup>3</sup> For more information, *High-Impact Learning Practices: The Guide to Modernizing Your Corporate Training Strategy through Social and Informal Learning*, Bersin & Associates / David Mallon, July 2009. Available to research members at [www.bersin.com/library](http://www.bersin.com/library) or for purchase at [www.bersin.com/hilp](http://www.bersin.com/hilp).

<sup>4</sup> “Blog” is a shortened form of the phrase “web log,” which is a form of personal publishing that readers can discuss.

<sup>5</sup> “Wiki” is from the Hawaiian word for “fast” – and stands for web pages that can be collectively and collaboratively edited on the fly by readers.

<sup>6</sup> A “community of practice” (or “CoP”) is often defined as a group of people who share an interest or concern about a common topic, and who deepen their knowledge in this area through ongoing interaction and relationship-building within their group. While communities often come into being spontaneously, they nonetheless require nurturing if they are to become valuable to the members and remain viable over the course of their evolution.

**KEY POINT**

The study includes 1,402 organizations from a cross-section of industries and company sizes. Data is weighted to represent the U.S. market.

delivery methods, and put their resources into the key initiatives that will drive competitive advantage. Despite the short-term pain, those steps should help companies to strengthen their competitive positions once the economy brightens.

## Research Methodology

The *Corporate Learning Factbook 2010* study was conducted by Bersin & Associates in partnership with *Workforce Management* magazine.

Data was collected during July and August 2009 through an online survey with contacts from the Bersin & Associates and *Workforce Management* databases. Only U.S.-based organizations with 100 or more employees were included in the analysis. The final count of qualified respondents was 1,402.

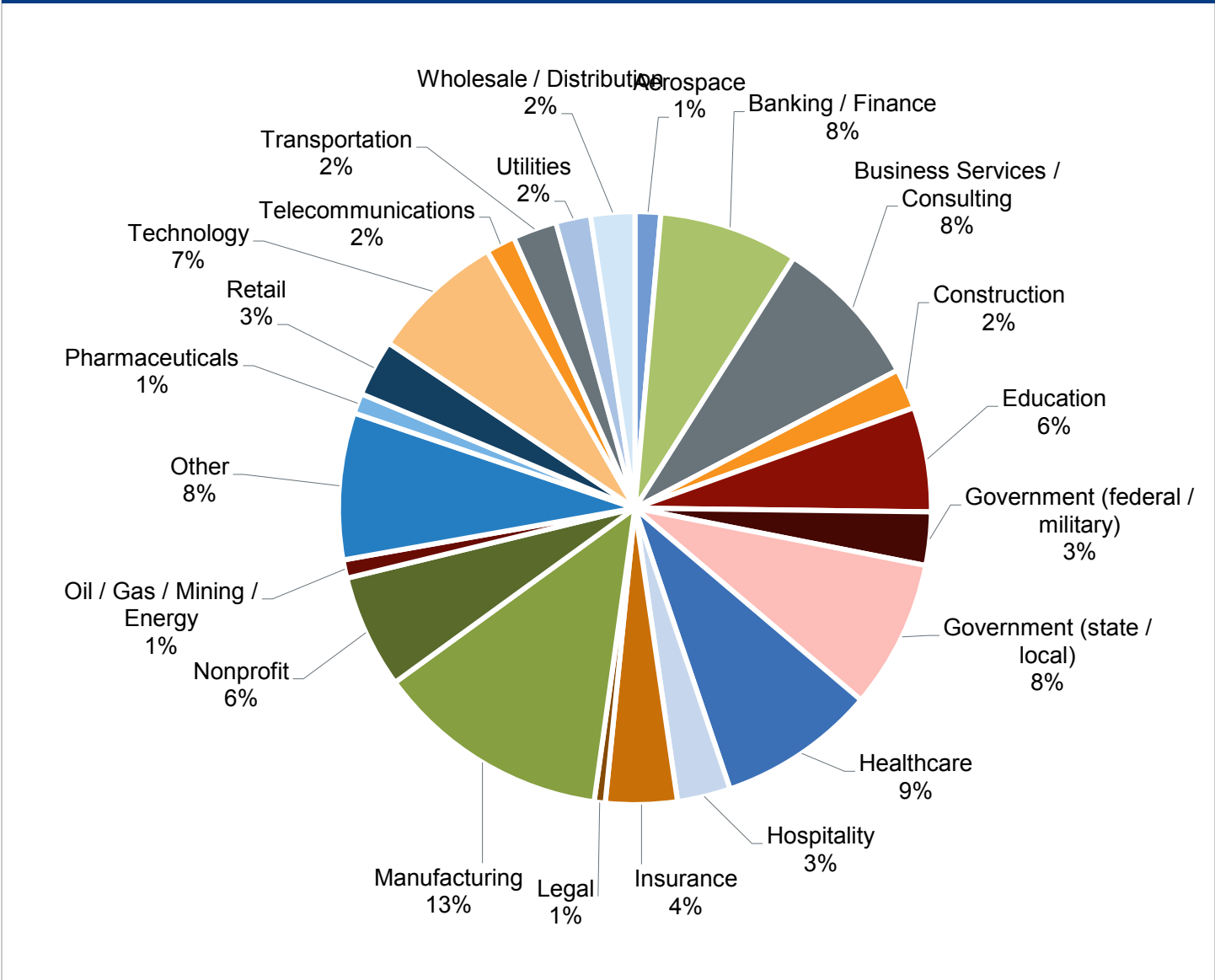
The data represents a cross-section of industries and company sizes. Five hundred and fifty-three small companies (with 100 to 999 employees), 508 midsize (1,000 to 9,999 employees) companies and 341 large (10,000 or more employees) companies participated in the survey. For our analysis, data is weighted according to the Dun & Bradstreet distribution of companies, so that the figures reflect the U.S. market.

Throughout our detailed report, results are broken out by organization size and by industry grouping to show the differences between organization types.

<b>Figure 2: Profile of Research Respondents (Unweighted)</b>	
Number of Organizations	1,402
Size of Organization	
Small companies (100 to 999 employees)	553
Midsize (1,000 to 9,999 employees)	508
Large (10,000 or more employees)	341
Region	
U.S.	1,402

Source: Bersin & Associates, 2009.

**Figure 3:** Respondent Count by Industry (Unweighted)



Source: Bersin & Associates, 2009.

## About the Industry Report



### KEY POINT

With *the Corporate Learning Factbook*, companies can determine the appropriate spending, staffing, delivery methods and resource allocations.

*The Corporate Learning Factbook* is recognized as the training industry's most trusted source of data on budgets, staffing and programs. The primary purpose of this study is to provide organizations with key metrics from which they can benchmark their learning and development efforts.

With this report, companies can determine the appropriate spending, staffing, delivery methods and resource allocations. The report provides valuable guidance for L&D organizations in building a business case or in planning their fiscal year budgets.

A summary of metrics available in this report is shown in Figure 4. All metrics are broken out by company size and by the following industry groups.<sup>7</sup>

- Banking / Financial Services
- Business Services / Consulting
- Government
- Healthcare
- Insurance
- Manufacturing
- Retail
- Technology
- Pharmaceuticals
- Telecommunications

As part of an annual study, the report also provides insights into how training organizations have changed over time. The last two years have seen a number of changes in how L&D organizations are structured, as well as in how they develop and deliver training. These are described in-depth using examples and case studies from our interviews with L&D organizations.

<sup>7</sup> Sample sizes for the pharmaceutical and telecommunications sectors are small, at fewer than 25 organizations. Due to high variability in these samples, data for these two sectors is published in an appendix within the full report.

**Figure 4: L&D Benchmarking Metrics**

Training Spending and Staffing Statistics	Learning Technology Usage
Training expenditures per learner	LMS infrastructure and installation type
Training staff to learner ratio	LCMS
Percent of spending on L&D staff payroll	Rapid e-learning tools
Percent of spending on learning technologies	Application simulation tools
Spending allocation by training program area	Virtual classroom tools
Spending allocation by employee type	Mobile learning
Total training industry spending	Social and informal learning tools
Training Volume and Delivery Statistics	Learning Outsourcing Statistics
Annual student hours consumed per learner	Custom content development
Cost per student hour consumed	Instruction / facilitation
Percent of student hours by delivery method	LMS administration
Use of structured coaching	LMS operations
Use of structured collaboration	Learner support

Source: Bersin &amp; Associates, 2009.

Some key trends described in the report include the following.

- Where are L&D organizations allocating resources and how has this changed over time?
- How are L&D organizations using informal learning methods, including coaching, experiential learning and social learning tools, to enhance their learning environments?
- What are the “hot” learning technologies this year?
- What are the top areas for learning outsourcing?

The combination of data, analysis and real-world examples make *The Corporate Learning Factbook* a valuable asset in companies’ efforts to shape their L&D initiatives for 2010 and beyond. If you have any questions about this report, please feel free to contact us at [research@bersin.com](mailto:research@bersin.com).



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## About This Research

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