

Training outsourcing is awash in significant trends as client companies find innovative ways to engage outside training expertise.

# 'Can Do' Spirit Invades Training

CHANNEL PARTNERS of software maker Autodesk Inc. are enhancing their selling skills, technical competence, and product knowledge with a nifty new web-based performance support tool that guides them through every aspect of the customer sales process. Assisting Autodesk in the learning endeavor is training outsourcing supplier Intrepid Learning Solutions.

As with other outsourcing engagements, the contract with Intrepid makes perfect sense, according to Rob Dickins, a partner development executive with Autodesk Consulting. For organizations involved in training content and delivery, "I can't imagine why they wouldn't consider outsourcing those functions at least partly," he says.

Dickins appreciates Intrepid's eagerness to anticipate problems and "own" its solutions. "Working with an external partner is only effective when that partner invests time to understand life from your perspective," he says.

Companies worldwide are continuing to discover new benefits of outsourcing one or more of their training processes. Engagements run the gamut from contracting for specific services like content creation and back office administration to comprehensive outsourcing of the entire training function.

## Increased growth to learning outsourcing

Training outsourcing accounted for a small but fast-growing segment of the \$125 billion spent on training by North American corporations and governments during 2005, according to TrainingOutsourcing.com research. Only 1 percent or \$1.4 billion was spent on business process outsourcing (BPO) out of the \$44.5 billion that went to contract services. Yet learning BPO expenditures are growing at an impressive 40 percent rate.

One such growth area is in HR outsourcing, where workforce training components are often included

within large "multi-tower" engagements. The trend will accelerate as the first generation of contracts expires and expanded vendor relationships replace them, predicts Jeff Croyle, a partner with TPI, a Texas-based consulting firm in business process sourcing.

But the learning component of HR outsourcing engagements is typically limited, he says. "When HR drives the deal, the learning portion is an enterprise-wide solution that does not include the entire enterprise of learning," says Croyle. That's because HR departments represent less than half of all learning within most organizations. Gaining additional stakeholder approval is a difficult hurdle, he adds.

Meanwhile, emphasis by companies on talent and performance management has prompted new efforts to integrate learning and development with recruitment, retention, benefits, succession planning, and other activities. That theme is paramount in an eye-popping HR outsourcing contract signed last year between DuPont and Convergys Corp. Under the \$1.1 billion, 13-year deal, Convergys will provide HR transactional services to DuPont's 60,000 employees and 102,000 retirees in 70 countries and 30 languages around the world. It will help DuPont leverage its existing investment in SAP's enterprise software that will link its performance-related systems.

Most companies that opt to outsource aspects of their workforce and customer training function are transitioning into the arena with smaller engagements—ones with well-defined requirements or small bundles of business and selective outsourcing. But vendors claim that the pipeline for more significant deals is filling up fast.

One such supplier is Accenture Learning, which recently signed the Bank of Ireland and Australia's Telstra to comprehensive contracts. "Buyers are beginning to examine the value they're going to gain from larger engagements," claims John Higgins, se-

nior executive with Accenture. He says they are gaining appreciation that advantages extend well beyond cost savings to include better integration of vendor management, best-in-class techniques, and enhanced strategic value, among other factors.

Perhaps the current pipeline's most prominent outsourcing contract is a planned move by the UK's Ministry of Defense to deliver specialist training to all government ministries rather than through single military services that are managed by private sector training companies. The Defense Training Review initiative would create National Centers of Training Excellence to introduce modern training methods and technology to the military. Bid proposals are currently being evaluated for the proposed public-private partnership, according to the Ministry of Defense.

### **An innovative twist to offshoring**

One of the field's most visible developments is the unlimited diversity of training-related engagements, insists Jim Hanlin, chief operating officer of TrainingOutsourcing.com. "None of them is the same because of the uniqueness of each situation," he says.

One of the biggest challenges for any large organization is the management of far-flung learning services. Typically, no single learning management system can do it all, despite the assurances of LMS software providers.

A prime example is Cisco Systems. Four years ago, the technology giant was waging an uphill battle to administer a single enterprise-wide LMS among widely varying demands and processes from 400 worldwide training administrators. It was a sad picture of inefficiency that begged for outside help.

Enter Expertus, a small Mountain View, California-based training services company with a skill set that was perfectly suited for Cisco's needs. Expertus was founded in 1998 by natives of India, two of whom met while earning master's degrees at Oklahoma State University. Supported by a service center in Chennai, India, the company specializes in the design, delivery, and support of complex, technology-rich learning solutions at an affordable price.

Today, a dramatically larger Expertus serves a fast-growing stable of multinational companies with an array of business consulting, learning BPO, content, and technology services. In particular demand are its technical capabilities that include application management, software selection, solution design, version upgrades and migration, systems integration, and blended learning development.

"We serve as an outsourcing partner to supply critical services including application management, training administration, content creation, logistics, and

delivery," says co-founder and CEO Ramesh Ramani. "We use the applications they have licensed and build a platform to deliver them effectively. We consolidate all of the applications and processes under one umbrella."

He says Expertus brings an innovative twist to outsourcing learning services by blending an American understanding of customer needs with an ability to manage operations in India. The company also specializes in training systems landscape, according to Ramani. Unlike vendors who seek to centralize and repeat a training process for customers, Expertus appreciates that numerous training organizations within a company require a custom-tailored approach. "We centralize the service but not the process, so each business unit can operate uniquely," he says.

That view is seconded by Mohana Radhakrishnan, co-founder and vice president of client services. She says there is a big need for a consolidator—a single vendor that can understand learning as a domain and provide all services. "Within business units, it's hard to learn these complex systems and use them effectively," she says. "One must adapt the process to work within the confines of the LMS. As a result, that process has become an eminently outsourceable function."

With Cisco as its first customer, Expertus began a new style of application management that combined technology and process support into a single package. By using lower cost labor from its operation in India, customers save millions in administrative costs, according to Radhakrishnan.

Often, Expertus is engaged by multiple customers within large companies. For example, it might serve three different training organizations within a company's sales unit that employ different processes. In another departure, the privately-owned Expertus avoided publicity until its management team felt it had earned validation from customers. That moment has now arrived. "This is our coming-out party," says a proud Ramani.

### **Sharing the expertise**

A common occurrence in the training and HR marketplaces is the emergence of new suppliers to exploit established centers of excellence. They often do so at the urging of current, prospective, and internal clients who are eager to engage additional services.

Two such companies on this path are Hewlett-Packard and The Walt Disney Company.

As part of its robust services business, HP provides BPO services in finance, accounting, and payroll processing to commercial clients. In order to take advantage of its strength in BPO operations, organizational excellence, and global capabilities, the company is reorganizing certain internal processes into that organi-

zation to service both internal and external clients.

To reach that goal for some of its internal training areas, Hewlett-Packard recently hired former Aon executive Danielle Durocher as its new global process manager for learning and development. Building on HP's training-related expertise, including design and development of content across all curriculum areas, delivery of virtual and classroom-based instruction, and implementation and maintenance of learning and performance systems, the learning and development organization plans to combine its capabilities with Hewlett-Packard's BPO operational expertise to service the internal needs of the company.

"We are running a global operation to support our internal HP training support practice," says Durocher. This global operation includes shared service centers in Mexico, India, China, and Poland, where back-office personnel manage administration for more than a million HP training incidents per year. Those incidents include instructor-led and blended learning events as well as content to support Hewlett-Packard's mandatory training and diverse development needs.

"Even though we all work for the same company, Hewlett-Packard's BPO organization is accountable to the same level of standards that an outside vendor would be held," she says.

Durocher adds that the business process outsourcing's learning and development operation is also embarking on a business process management methodology that is described as an industrial engineering approach to ensure systems, resources, and processes are streamlined to provide the highest level of service at the lowest cost.

Representing the customer in this multi-year outsourcing engagement is Laura Desjardins, director of HR global operations for learning and development. Her department is the support group for all learning and development within Hewlett-Packard, including technology training, new product introductions, and sales training.

She says even though the entire learning and development function will be assumed by Hewlett-Packard's BPO organization, the engagement still mirrors other training outsourcing contracts in complexity and challenge. "Indeed, we hold our new internal BPO partner to the same high expectations and accountability that we would any other vendor, she says.

"The biggest challenge is the management of change," claims Desjardins, voicing a common refrain of training outsourcing buyers everywhere. "You can talk about it all you want, but when the rubber meets the road and the impacts on people begin to occur, it drives the message home." The phased-in process, which began last year, is part of a larger multi-service

engagement with Hewlett-Packard's BPO unit.

Her advice to others: "Make sure you have buy-off and buy-in by the principal stakeholders in the organization, and intestinal fortitude to do it. Also, you must know your business well to understand how to measure performance and know dedicated people on your team to make the transition. There are no shortcuts to knowing your work and having the right resources."

### Disney's hands-on approach

It's been 20 years since The Walt Disney Company created the Disney Institute to help others benefit from the best business practices it was pioneering at its resorts and teaching employees at Disney University. Since then, hundreds of organizations have sampled its smorgasbord of professional development programs and experiential training techniques.

The institute participates on the edges of the outsourcing arena with its offering of expertise in leadership excellence, loyalty, team experiences, people management, and other soft skills. More than just a training company, "we bring a third-party eye to craft programming that will orchestrate change within an organization," explains Terry Brinkoetter, spokesperson for the Florida-based Disney Institute.

The university's customized training programs range from 90 minutes to three and a half days. Custom solutions follow a five-phase collaborative process with clients.

One happy customer is Bud Sharpe, an analyst for Boeing, who helps design interiors for the Boeing 787. After taking a Disney course on loyalty two years ago, Sharpe suggested his department work with the institute to customize several courses for customer service airline personnel. He reasoned that Boeing's investment in designing 787 interiors isn't maximized unless airlines provide a commensurate level of services.

Two three-day classes on customer service and cabin crew training were designed and delivered for personnel from five airlines, emphasizing specific customer situations. The program is being expanded to redesign the passenger experience, says Sharpe.

At Mercedes Homes, a large southern home builder, all leadership and customer training is handled by the Disney Institute, says Lisa O'Hara, a corporate operations analyst. Disney courses offered through its "customer college" are a prerequisite for promotion, she says. **TD**

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