

Time to Outsource?

By Brandon Hall

A few years ago, under increasing pressure to lower head counts in training departments, companies laid off trainers—and hired them back as contractors.

It's called outsourcing, and it has drawn much attention lately. Sending call center and programming jobs to India and elsewhere is standard for many U.S. companies, but objectionable to Americans who want jobs to stay on this side of the pond. The dispute is an ongoing political issue.

Training is part of that. Some of the learning functions outsourced from U.S. companies to other U.S. companies—training administration and course development, for example—go overseas.

In any case, outsourcing is familiar territory for training professionals. Training departments already spend up to two-thirds of their budgets buying off-the-shelf training and hiring outside consultants or instructors to deliver courses.

What's new is that corporations have been cutting costs by outsourcing human resources and IT functions to outside firms. Ideally, these companies spend less and get results as good or better. Can it work with training? The prospect is promising.

Outsourcing parts or all of the learning function has spread in the past decade beginning with The Forum Corp. taking over nearly all training for Dupont in 1993. A burgeoning industry is ready to accommodate you if you want to try it.

Raytheon Professional Services (RPS), for example, launched by Raytheon in the early 1990s, now is a \$100 million business. It does auto industry training in North America, Europe and Asia. RPS clients include its corporate parent, Nokia, Hewlett-Packard, John Deere, Ford and General Motors (GM).

GM doesn't train Mr. Goodwrench. RPS does, coordinating GM's 191 training locations and 7,000 dealerships. RPS converted most classroom training for tech-based delivery to keep Mr. Goodwrench at the dealership working on cars instead of sitting in class at a training center.

Companies outsource to save money and build new or transform existing training. Outsourcing providers let you pay as you go, fronting the money and getting it back in fees over the life of the contract.

Outsourcing providers come in different types. Convergys was among the first HR outsourcing companies to provide learning as part of the deal. With its recent acquisition of DigitalThink, Convergys adds course-design and course-development capabilities to its administrative and delivery base.

Another type is Know-ledgePlanet, which will run your learning back office. Its servers host training for 1.5 million people in 160 countries.

Big IT outsourcers and integrators such as IBM and consulting firms such as

Accenture take on most or all learning functions for clients. Accenture runs the corporate university for Avaya, the network provider, and is currently implementing a large-scale outsourcing deal with Best Buy. IBM runs eArmyU, the U.S. Army's online university. Other providers include ACS, Deloitte Consulting, Exult, General Physics and Intellinex to name a few.

How do client companies benefit? Convergys has taken on recruiting, payroll, benefits and learning for the state of Florida's 180,000 employees. By centralizing and coordinating the state's sprawling training network, Convergys claims that it will save Florida \$173 million over seven years.

KnowledgePlanet runs insurance client Marsh & McLennan's back office, which frees Marsh trainers to focus on driving business outcomes—such as increased revenue of \$10 million on one sales program.

Intellinex delivers learning content to client Cisco's sales partners. Intellinex claims that since it took on responsibility for training Cisco sales representatives, speed to revenue has improved 50 percent.

Many CEOs prefer outsourced learning because it may cost less and can help align training to business goals. Training professionals are interested for the same reasons—and because outsourcing may mean they change employers. When a company outsources learning, trainers may move to the outsourcing provider's payroll, or outsourcing may cost them their jobs outright.

A full outsource may put the senior learning professional and other training managers at risk because the vendor typically takes over management. Don't be the last to know. Vendors pitching a full outsource at your organization might approach the CEO first. Whether to outsource depends entirely on your organization. Is there a benefit to keeping trainers under your roof? Is there a subtle synergy between your line managers and your trainers? Could outsiders do that job as well? Better? Or at all?

Ironically, what you think might not matter. It's what your CEO thinks. If you haven't talked about outsourcing lately with your boss, you should.

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