

# Rewards and Relationships: Mitigating Risk Through Strategic Learning Outsourcing

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# Rewards and Relationships

During cycles of economic turbulence, companies typically move to reduce the scale and scope of their expenditures. Budgets get smaller, while strategies for growth or expansion are put on hold. This pattern becomes even more extreme the more acute the financial crisis, such as the heightened volatility of financial markets we are witnessing now.

As companies come under increasing pressure to deliver sustained, profitable growth, the performance of their people and retention of key talent become ever more critical. If this talent lacks the necessary skills and capabilities to lead the organization and adapt to changing market conditions and demands, enterprise performance will suffer.

The question most companies are facing is this: How can we reconcile these two seemingly conflicting strategies? How can our organization continue to expand the services that allow us to take advantage of global opportunities in tumultuous times, yet maintain our bottom line? How will we transform ourselves and our workforces into a viable future state without increasing the risks inherent in change and perceived expenditures?

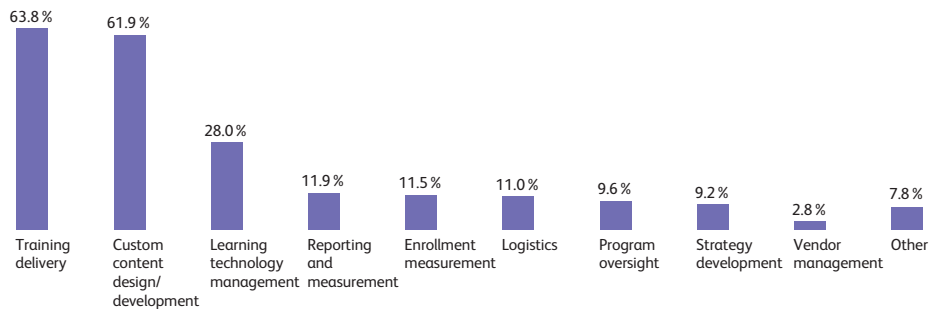
As we consider these complexities in our current business environment, we must think back to an old maxim: the greatest risk to survival is no change at all. While change may be difficult and at times even chaotic, it is a necessary part of company survival and success.

Despite the focus on savings at the transactional level, Xerox continues to encourage organizations to think more broadly and to view learning and development as a source of strategic advantage, not merely as a target for reduction of expenditures. Properly planned, learning is a strategic lever that ensures new recruits, managers and leaders will be well-prepared to meet the needs of the enterprise as it evolves to adapt to the changing economic environment. We believe the value of a learning business process outsource relationship lies in working with a partner that has a single point of accountability for analyzing, transforming and continually improving an organization's learning processes and capabilities. This multi-stage approach allows for clear decision making, seamless transformation, rapid transition and increased business impact, with very measurable economic results.

So, what should the average company spend on learning? What should we target first? Overall, companies spent \$60 billion last year on learning services managed or facilitated by outside vendors. About \$8 billion of this was serviced through outsource contracts. The training industry sees the total training spend breaking out into several categories, seen in Figure 1.

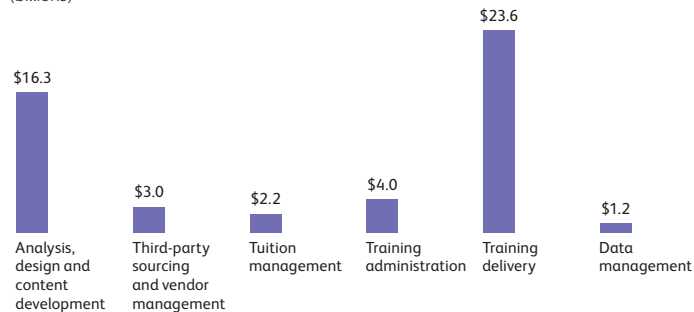
**Figure 1**

## Outsourcing Trends and Activities



## Training Outsourcing Overall Spend, 2008

(billions)



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## Training Outsourcing Overall Spend, 2008

We believe that the strategic view, the only one that can really drive longer-term value and change, is a contractual outsource relationship with a learning partner that goes beyond simply tabulating cost of services, but transforms learning business processes to deliver greater value and real business impact. (Read more at [www.xerox.com/learning](http://www.xerox.com/learning).)

## Building the Relationship

Much like working with an event planner or architect, we believe outsourcing internal processes and functions to a new partner or provider should depend on your level of comfort and trust that the partner you have chosen understands your needs, is culturally aligned to your vision and comes with enough experience to be a valuable asset. But when it comes to truly personal issues, you must be confident that the provider's guidance is based on deep and sound know-how, with an approach that is flexible and responsive to the ebb and flow of change. In the learning world, we often counsel organizations to begin with the simple, noncritical transactional processes or activities that can be easily uncoupled. As seen in Figure 1, companies can start by outsourcing more select activities and move to a more comprehensive model, targeting areas that are more strategic and complex. No matter where you begin, the service provider should provide a transparent view of the current- and future-state performance metrics, tools and processes designed to reduce risk and increase efficiency.

## Take the First Step

The right partner for learning outsourcing can serve as a company's best team player in creating and distributing requisite training and communication to every employee, regardless of geographic location or time zone. The inability to act – due to lack of training and communication – is a potent threat to the realization of all business strategies.

Here are a few areas of clear differentiation when seeking a learning outsource partner. Beginning due diligence with these is often a good precursor to finding the right long-term fit for your organization.

1. **Financial strength, cultural compatibility** – Has the provider demonstrated long-term, consistent delivery of quality with varied and referenceable clients?
2. **Strategic diagnostic** – It is important to find a managed service provider that can provide unique recommendations on how to improve your business through a strategic assessment or "diagnostic" of training operations at the onset of the relationship. Customers should expect the provider to leverage its knowledge gained from other relationships and bring this to the table for their benefit. They should also expect common processes and procedures to strategically integrate the learning process with overall business objectives, with accepted data analysis techniques to measure processes and to drive performance improvement.
3. **Governance, reporting and analysis** – Companies need to define and manage via a value-based metrics approach to measuring success. It is therefore vital to evaluate the provider's ability to define the proper metrics for business processes (in service level agreements), collect appropriate data in a cost-efficient manner, report the data and then make strategic recommendations on how to improve the business.
4. **Transformation** – The highest-value results come from transforming, not just transitioning, back-office training costs. Streamlining or shedding that work and redeploying a percentage of that budget to more-valuable services will allow the learning organization to focus on its core value: retaining focus on its performance goals and outcomes.
5. **Strategic sourcing and alliances** – Comprehensive training business process outsource engagements rarely rely on a single learning outsourcing supplier to provide all of the industry's best resources. A realistic expectation is that the primary partner will leverage its extensive buying power and network on your behalf.

You can learn more about us at [www.xerox.com/businessservices](http://www.xerox.com/businessservices).

