

ASTD Research Update

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www.astd.org/astd/research/about_research

Session Learning Objectives

At the end of this session, participants should be able to:

- Apply the most recent trends for informed day-to-day decision-making;
- Use the practices of leading companies and organizations to evaluate your operations;
- Evaluate your learning investments and practices in comparison to leading companies and organizations for a critical examination of your operations.

Two Primary Sources for 2006 State of the Industry Report



ASTD Benchmarking Forum

- Established in 1991, the ASTD Benchmarking Forum (BMF) is a consortium of private and public sector organizations from around the world
- The Benchmarking Forum offers members unique opportunities to benchmark learning and performance improvement processes, practices, and outcomes
- It also provides access to a worldwide network of high level learning and performance professionals



BEST Award Winners

- The ASTD BEST Awards program recognizes organizations that demonstrate enterprise-wide success as a result of employee learning and development. The winners “get it”: They create, support, and champion learning opportunities for results and a learning culture. The ASTD BEST Awards program started in 2003.
- To identify the characteristics of the BEST learning organizations, quantitative and qualitative data from the award-winning organizations were analyzed. Commonalities in their learning strategies, practices, and performance outcomes were identified:

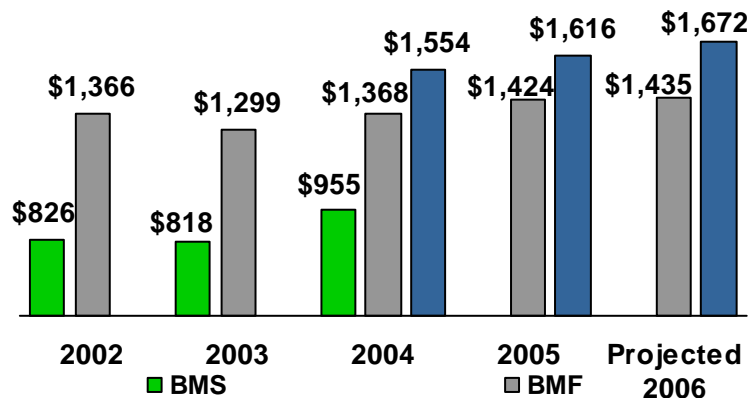
Investment	Alignment
Measurement	Learning Opportunities
Efficiency	C-Level Involvement
Effectiveness	Non-learning Solutions

CURRENT TRENDS

State of the Industry

- ASTD estimates that U.S. organizations spend \$109.25 billion on employee learning and development annually, with nearly three quarters (\$79.75 billion) spent on the internal learning function, and the remainder (\$29.50 billion) spent on external services.
- The average annual expenditure per employee in BMF organizations increased to \$1,424 per employee in 2005, an increase of 4.0 percent from 2004. Average expenditure per employee in BEST organizations was \$1,616, an increase of 3.7 percent from 2004.

Learning Expenditure per Employee



Source: 2006 ASTD State of the Industry Report

- Expenditure as a percentage of payroll in BMF organizations remained at 2.20 percent in 2005. The average expenditure as a percentage of payroll in BEST organizations was 2.72 percent.
- The outsourcing of learning is decreasing, as BMF organizations allocated 24.8 percent of their learning budget to external services in 2005 (down from 30.0 percent in 2004). The percentage of budgets spent on external services in BEST organizations also declined in 2005, falling to 23.9 percent.

- The use of technology to deliver learning was nearly the same in both samples: 36.9 percent in BMF organizations and 36.3 percent in BEST organizations. At least 60 percent of technology-based learning was online in 2005, and almost 90 percent of online learning was self-paced.

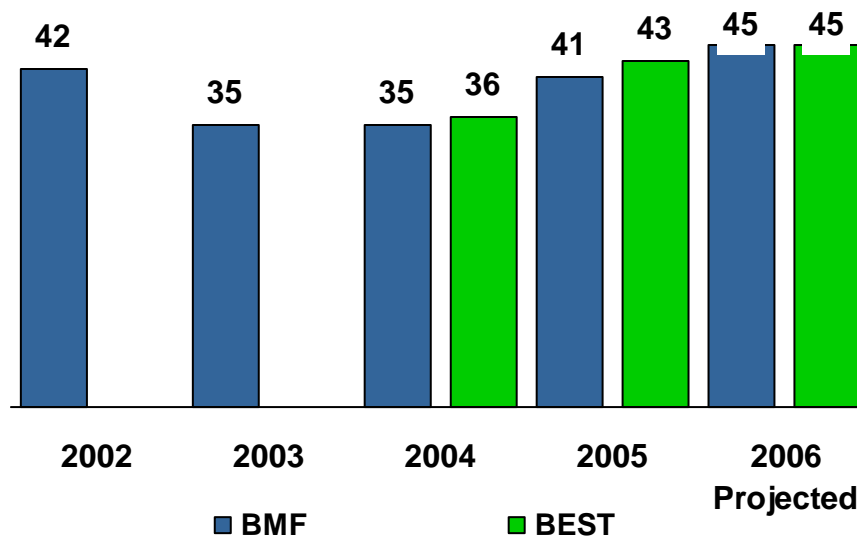
Percent of Learning Hours Provided via Technology (BMF)



Source: 2006 ASTD State of the Industry Report

- The number of hours of learning per employee in BMF organizations increased to 41 per employee in 2005. In BEST organizations, the average number of learning hours per employee rose to 43.

Learning Hours per Employee

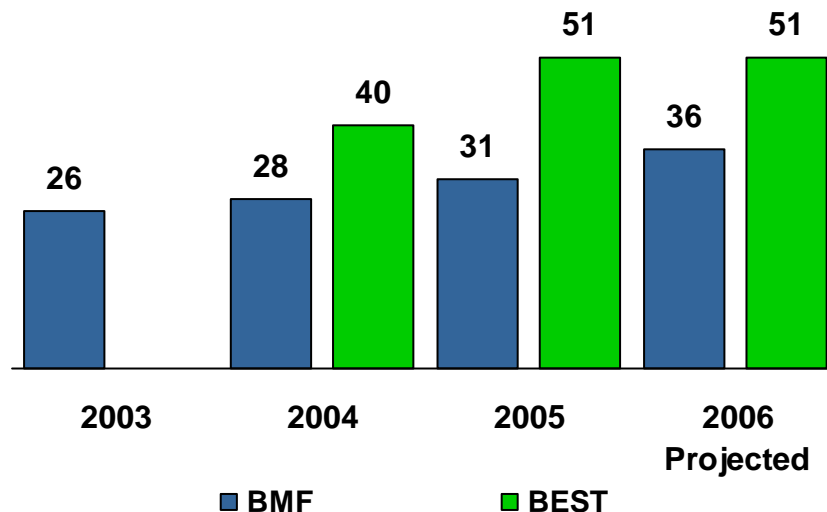


Source: 2006 ASTD State of the Industry Report

- The cost per learning hour consumed is falling. The average cost per learning hour consumed decreased from \$54 in 2004 to \$42 in 2005 among BMF organizations.
- BEST organizations also saw a decline in 2005 as average cost per learning hour fell from \$58 to \$48. Not much change is expected for 2006 for both samples.
- The average reuse ratio for learning content in BEST organizations (i.e., the ratio of learning hours consumed to learning hours produced) increased from 40 in 2004 to 51 in 2005. This means that every hour of content provided (i.e., available) was received (i.e., consumed) by an average of 51 employees. For BMF organizations, the average reuse ratio was lower at 31. The average reuse ratio has steadily increased for BMF organizations in the past three years.

Reuse Ratio

Ratio of Learning Hours Consumed to Learning Hours Produced



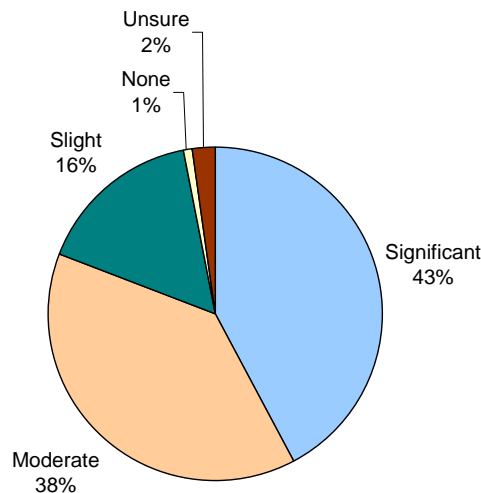
Source: 2006 ASTD State of the Industry Report

ON THE HORIZON

Changing Worker Demographics

- Many organizations are finding that changing workforce demographics are making it difficult to effectively source and retain valuable employees.
- In some industries, a sharp increase in the number of retirements have left organizations with a host of talent-related gaps, ranging from critical knowledge that has walked out the door, to difficulties in getting larger numbers of new employees productive in a short amount of time.
- To better understand the impact of changing workforce demographics on the learning function, IBM and the American Society for Training & Development (ASTD) conducted an online survey of 239 learning executives. Findings from the survey suggest that many organizations face a variety of significant challenges in their handling of changing workforce demographics. You can download a copy of the report at: www.astd.org/astd/research/research_reports

What impact will changing workforce demographics have on your organization in the next 3 to 5 years?

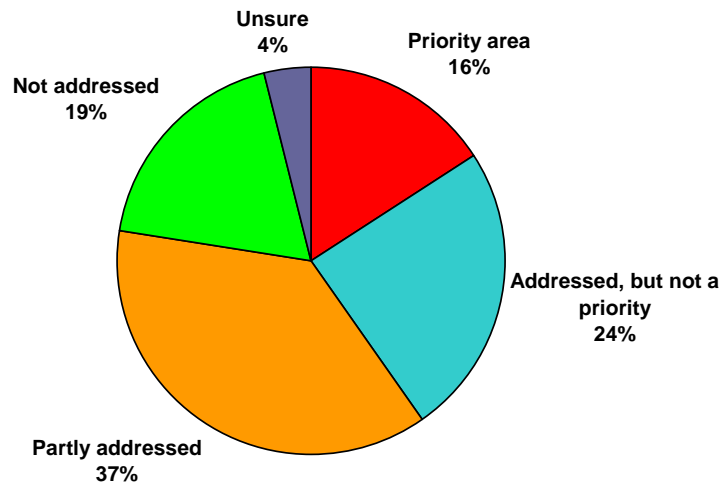


Source: ASTD/IBM Learning and Changing Workforce Demographics Study

- The study revealed that 43 percent of respondents believed this issue will have significant impact on their organizations within the next three to five years, while 38 percent felt that the impact of changing workforce demographics on their organizations would be moderate.

• Despite the recognized importance of this topic, there appears to be a notable disconnect between recognition and action within the surveyed organizations. Although the majority of companies believed that changing workforce demographics will have at least a moderate impact on their organizations in the near future, only 40 percent of learning professionals stated that their organization is addressing changing workforce demographics. Furthermore, 19 percent of organizations have no plans in place to address positions within their organization that are at risk due to turnover.

To what extent are learning requirements due to changing workforce demographics addressed in your organization's learning strategy?



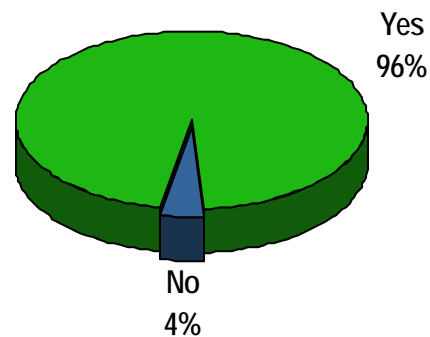
Source: ASTD/IBM Learning and Changing Workforce Demographics Study

Skills Gap

- Organizations in the United States and around the world are finding themselves ill-equipped to compete in the 21st-century economy. The reason: too many workers lack the right skills to help their employers grow and succeed.

What is the skills gap? A skills gap is a significant gap between an organization's skill needs and the current capabilities of its workforce. It is the point at which an organization can no longer grow and/or remain competitive in its industry because its employees do not have the right skills to help drive business results and support the organization's strategies and goals.

Is there a skills gap within your organization now or is one expected within the next year?



Source: ASTD white paper, "Bridging the Skills Gap"

What is causing the skills gap? The ASTD Public Policy Council has identified four major factors behind today's skills gap:

1. Jobs are changing.

Changes in the nature of business are leading to changes in the skills required of employees. Global competition, technology, and other forces place a premium on speed, innovation, and the ability to adapt rapidly to change.

2. Educational attainment is lagging the need for skills.

At the same time that the U.S. and other nations need more workers with higher-level skills, advances in education have been trailing off in recent years.

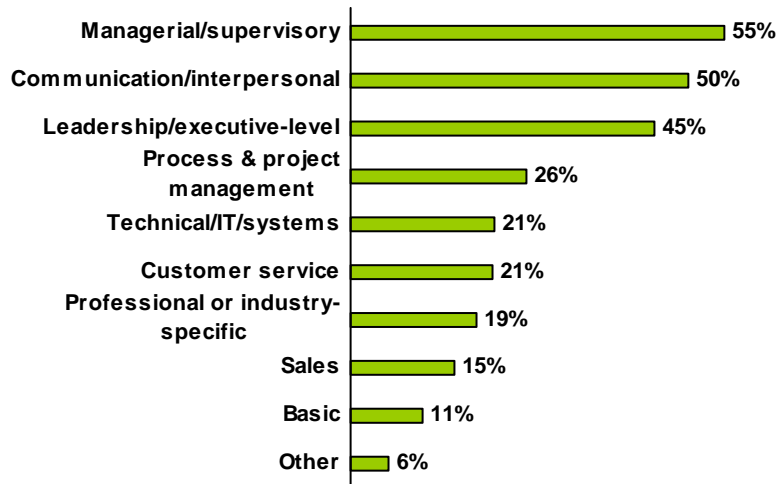
3. Workforce growth is slowing.

Low growth in all segments of the workforce is fast becoming a fact of life in the U.S. and other developed countries.

4. Businesses are not leveraging their learning investments effectively.

According to the ASTD *State of the Industry Report*, business leaders increasingly recognize that employee learning and skills development is crucial to sustaining a competitive advantage. However, a sampling of practices at those organizations that are uniquely committed to workplace learning reveals where the majority of businesses fall short.

What are the specific types of skills gaps your organization is experiencing?



Source: ASTD white paper, “Bridging the Skills Gap”

Four Signs That an Organization May be Facing a Skills Gap

1. There is a mismatch between the skills the organization needs (current and future) and the capabilities of the workforce.
2. The organization did not train employees during hard times and is struggling to catch up.
3. The number of high skilled, specialized jobs needed to take the organization forward is increasing.
4. There is a high percentage of baby boomers in the workforce that are or will be leaving soon.

Additional Information on ASTD Research



The WLP Scorecard is a new online real-time benchmarking and decision support tool that allows organizations to:

- Monitor and benchmark a broad range of learning function financial, operations, customer, and innovation indicators
- Customize reports with subsets of organizations and indicators
- Compare the alignment, efficiency, effectiveness, and sustainability of an enterprise learning function, as well as the overall quality of the learning function, with hundreds of other organizations
- Diagnose strengths and weaknesses in variables that affect alignment, efficiency, effectiveness, and sustainability
- Perform sensitivity analysis to see potential effects of adjustments to multiple variables on alignment, efficiency, effectiveness, and sustainability
- Make decisions about all aspects of learning, including investments, staffing, processes, and the type and amount of formal and work-based learning opportunities to provide

For a more detailed explanation of WLP Scorecard access levels, features, and pricing, visit: <http://wlpscorecard.astd.org/help/features.aspx>

The WLP Scorecard is now the data collection portal for the State of the Industry Report data. Submit your organization's data free of charge for inclusion in the 2007 State of the Industry Report at: <http://store.astd.org/wlpscorecard.asp>