

# The Advantages of Outsourcing Training



**Find the most cost-effective, low-risk way to make your employees more innovative, effective and focused on the strategies that drive your business.**

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Leading the World to Better Performance



# **Training BPO refers to the transfer of management and execution of one or more complete ongoing training and development processes or the entire training function to an external services provider.**

**Source: Training and Development: Fertile Ground for BPO. IDC, May 2003.**

**The focus on Business Process Outsource (BPO) over the last several years has had quite an impact on the way companies do business.** No longer do we spend countless hours and dollars building infrastructure that is common to many organizations. We now know it makes better business sense to build our infrastructure by leveraging companies that have the expertise in the business processes we need. We learned it first with accounting systems, then information systems, and finally with entire enterprise solutions. Ask an executive if it shows good judgment to outsource business processes, and the answer is a resounding yes. BPO brings many benefits; some of those most commonly cited include:

- Focus can remain on core business activities
- World-class solutions and expertise are accessed
- Competitiveness is enhanced
- Cost structure becomes variable
- Inside resources are freed for other purposes
- Capital funds are made available
- Expertise is accessed
- Operating expenses are reduced and controlled
- Activity is better managed
- Operations can be planned and scaled with greater flexibility
- New ideas are acquired
- Investment in assets is lowered
- Risk is reduced
- Focus can remain on core activities

It turns out that these benefits, as well as many others, indeed result from a good outsourcing strategy. However, there are three benefits that truly make outsourcing a logical solution for many Fortune 500 companies.

## **There are three benefits that truly make outsourcing a logical solution for many Fortune 500 companies.**

**The first driver for many companies is the fact that outsourcing is cost effective.** A good BPO has several cost effective characteristics, the basis of which are efficiency, cost management, and the ability to vary service level with customer demand. This variable service and cost is something that current economic conditions have highlighted as a key to a successful outsource partnership.

**The second benefit is that outsourcing business processes allows a greater focus on core business.** After all, every company has a limited number of human resources. These resources should be focused on servicing your customers and improving your product, not implementing HR and accounting systems. That's the job of a company whose core capability is implementing the respective business process. After all, wouldn't you expect an HR BPO firm to excel at HR system implementation?

**This brings us to the third benefit—access to world-class solutions.** Through BPO, a company can leverage the best processes, systems, and solutions with a smaller investment than creating, maintaining, and continuously improving the particular business process in house.

With all these benefits, it's surprising that organizations don't outsource more business processes than they currently do; and that brings us to training.

If you spoke with VPs of HR and asked if they outsourced training, their responses might be, "Outsource training? Sure, we do that; many of our courses are outsourced. We buy products and services when it doesn't make sense to develop them in house, or if our internal instructors are tied up with other projects." When HR and training organizations speak of outsourcing, they usually give examples of purchased services. In fact, many companies could look at their training buys and find hundreds of purchased service contracts for training during a given year.

During the past several years, I've had the opportunity to assess training operations for several Fortune 500 companies. Almost every one had dozens (in some cases hundreds) of vendors being sourced by their training and purchasing organizations (often independent from one another). Think of the time and money being spent, or misspent, by these organizations. This is not to say they are doing a bad job. In fact, many internal training organizations do a great job of meeting their customers' needs—they just aren't as efficient, effective, or as experienced as a company whose core business is training.

## **The investment of resources is tremendous, and the cost of system implementation seems to be compounded by every decision.**

**To complicate the picture, consider the advent of e-learning, knowledge management, and learning management systems.** Suddenly, your training and information technology groups are working weeks, months, and even years to become experts on learning management systems. They are immersed in content selection, content development, competency mapping, web solutions, scaling to their organization's growth model, and so on. The investment of resources is tremendous, and the cost of system implementation seems to be compounded by every decision. There has to be a better way. Fortunately there is—outsourced training services.

The business of outsourcing training is drawing quite a bit of attention these days. At this time, training companies with significant experience are few, but the value they bring can be tremendous. It's worth taking time to understand these companies and what they bring to the table before making the decision to outsource. It's important to have answers to some key questions in order to evaluate whether the provider has real time experience in providing this service. Remember, training outsourcing is new for some companies, and you don't want to pay for their education. Here are some key questions you should ask before you become permanently attached to a provider:


- For whom have you performed these services, and for how long?
- What learning management system(s) do you work with?
- What type of customer support do you provide?
- Do you have a customer call center? What type of support is provided?
- Have you implemented learning management systems at a customer sites?
- Describe your quality systems—are you ISO registered?
- What type of experience do you have as an aggregator of e-learning?
- Do you currently host e-learning?
- What is your approach to outsourcing? How do you transition operations?  
What is your past experience? (Keep asking this one.)
- Where are your offices located?
- Do you currently provide global support? Where?
- What other value-added services do you provide (Benchmarking?  
Content sourcing? Strategic planning?)?
- What measurement systems do you use—what are your metrics?
- And most importantly, who are your references?

# Training is critical to business, but it's not the business most companies are in.

**Once you've completed your screening, align the values of the provider with your own company's values.** Ask yourself, “Is this the type of company we want to partner with for the next three to five years?” Take a look at the fiscal strength of your partner; will they be there in five years? Do take advantage of the knowledge you've gained with other outsourcing ventures your company has taken on.

Once you move forward, it's often difficult to undo what you have started, so be cautious in your selection. Expect that there will be an investment in time and money during the first year, but also expect short-term returns (within two years). Don't be afraid to ask your partner to take some risk in the outsourced service, but don't forget to provide rewards for doing so. Also, include an end-of-contract strategy that allows you to maintain the service should you decide to in-source at the end of your contract—after all, if your partnership should end, you don't want to be left with nothing.

One last note—and perhaps the most important—don't forget about change management. Investment in strategy and tactics definitely pays off in this area. Outsourcing brings significant change to an organization. Employee responsibilities are likely to change as a result of the outsource, some may even end up working for your partner. Whatever changes are decided on, be certain that you and your partner work out the details of the human factor before you announce any changes.

The benefits of outsourcing training make it well worth considering. The fact is, training is critical to business, but it's not the business most companies are in. Now that training outsource providers have made the investment in their business processes and systems, the time is right for major corporations to leverage them. 

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