

2009 TRAINING INDUSTRY REPORT

EXECUTIVE SUMMARY

Training magazine's exclusive analysis of the U.S. training industry. To purchase the full report, visit www.trainingmag.com/digitalproducts.

ABOUT THIS STUDY

Now in its 28th year, *The Industry Report* is recognized as the training industry's most trusted source of data on budgets, staffing, and programs. This year, the study was conducted by an outside research firm in June-July 2009, when members from the *Training* magazine database were e-mailed an invitation to participate in an online survey. Only U.S.-based corporations and educational institutions with 100 or more employees were included in the analysis. Agencies of the state, local, and federal government were not included in the analysis.

The data represents a cross-section of industries and company sizes, with 999 surveys received.

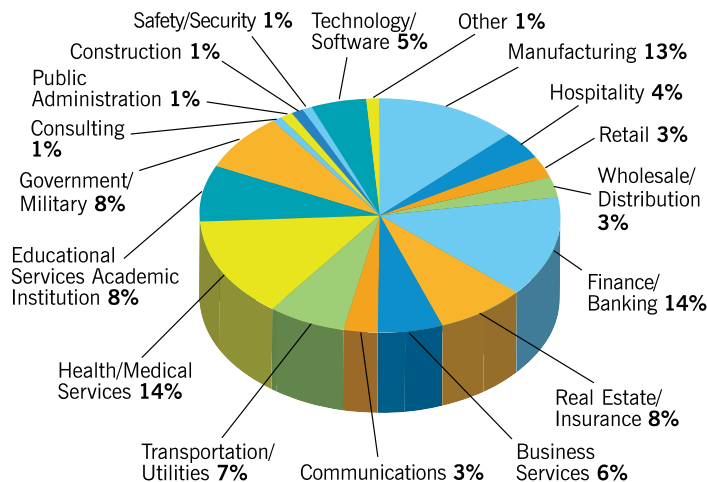
Organizational size classifications

| Company Size | % of Respondent Companies |
|---------------------------|---------------------------|
| Small (100 to 999) | 33% |
| Mid-size (1,000 to 9,999) | 42% |
| (Large) 10,000 or more | 24% |
| Total number | 99% |

Note that the figures in this report are weighted by company size and industry according to the Dun & Bradstreet database of U.S. companies. Since small companies dominate the U.S. market, in terms of sheer numbers, these organizations receive a heavier weighting, so that the data accurately reflects the U.S. market.

Industrial Classifications

Respondent profile by industry (weighted per Dun & Bradstreet).



About Survey Respondents:

- 40% are managers or above in the organization
- 24% are developers or instructional designers
- 31% are mid- to low-level (based on title selection) associates
- 59% determine the need for purchasing products and services
- 28% set the budget
- 29% manage requests for proposals/bids
- 68% recommend the purchase
- 24% have the final purchase decision

TRAINING EXPENDITURES

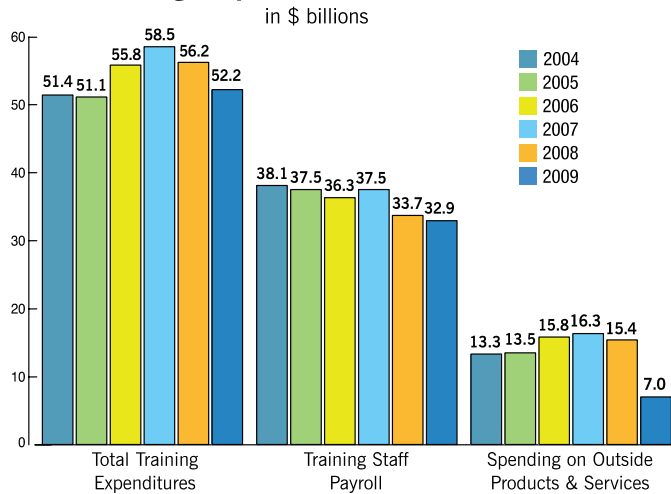
Total **2009 U.S. training expenditures**—including payroll and spending on external products and services—dipped 7 percent from the year before to **\$52.2 billion**. This figure was calculated by projecting the average training budget to a weighted universe of companies, using the Dun & Bradstreet counts of U.S. organizations with more than 100 employees. Given the continued challenging economic climate, this \$4 billion drop is not surprising.

Other expenditures rose to \$12.3 billion, taking up 24 percent of the total, up from 13 percent in 2008. The amount **spent on products and services** decreased most significantly, dropping from \$15.4 billion (27 percent of the total) in 2008 to **\$7 billion** (13 percent of the total) in 2009. On average, organizations spent \$483,789 on learning tools and technologies in 2009.

Looking ahead, nearly 41 percent of organizations plan to purchase online learning tools and systems in the coming year, while roughly 30 percent said they would buy authoring and classroom tools and systems, audio and Web conferencing products and systems, and learning management systems.

Payroll shed nearly \$1 billion to **\$32.9 billion**. That said, the majority (57 percent) of respondents said their payroll remained the same, while 35 percent said it was lower, and 13 percent said it was higher. The most often cited training payroll figure was \$200,000.

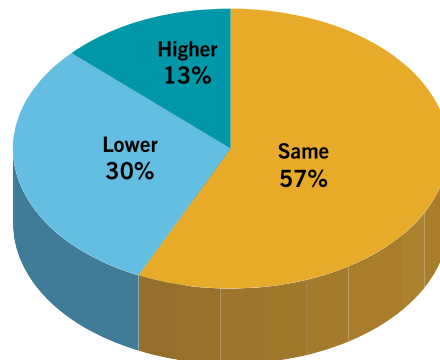
Training Expenditures 2004-2009



DEFINITIONS

- ▶ **Total training spending:** All training-related expenditures for the year, including training budgets, technology spending, and staff salaries.
- ▶ **Training staff payroll:** The annual payroll for all staff personnel assigned to the training function.
- ▶ **Outside products and services:** The annual spending on external vendors and consultants, including all products, services, technologies, off-the-shelf and custom content, and consulting services.

Is the Number of Training-Related Staff Higher or Lower Than Last Year?



TRAINING BUDGETS

Training budget **increases were modest**, while decreases were significant. Most respondents who reported an increase in their training budgets attributed it to the following reasons:

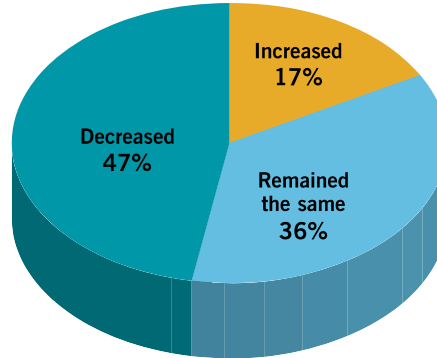
- Increase in the scope of their training programs (65 percent).
- More learners served (50 percent).

Most respondents who reported a decrease in their training budgets attributed it to the following reasons:

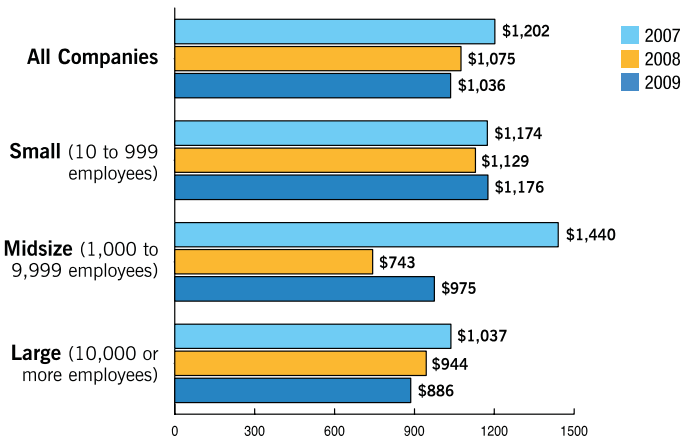
- Reduced travel and associated costs of attending outside learning events (42 percent).
- Budget adjustments (39 percent)
- Other: Overwhelmingly, the explanations for these “others” were budget cutbacks, revenue shortfalls, and economic conditions (28 percent).

With overall industry spending down, there was a corresponding **4 percent drop** in the amount spent by companies per learner. Overall, companies **spent \$1,036 per learner this year** compared with \$1,075 per learner in 2008. However, mid-size companies actually saw a 24 percent increase to \$975 in spending per learner.

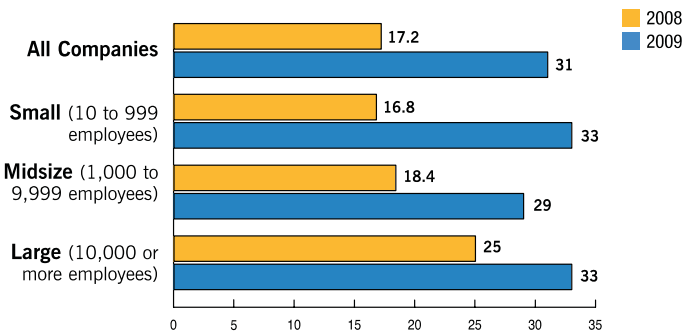
What Happened to Your Training Budget This Year?



Training Expenditures per Learner 2007-2009



Hours of Training per Employee 2008-2009



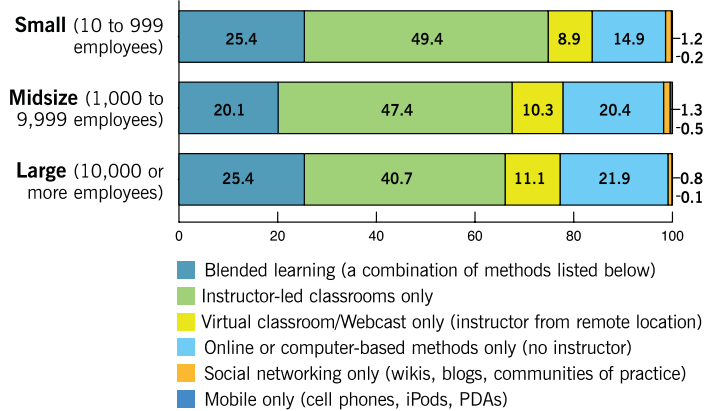
TRAINING DELIVERY

- **47 percent** of training hours are delivered by a stand-and-deliver instructor in a **classroom** setting.
- **23 percent** of hours are delivered with **blended** learning techniques.
- **18.5 percent** use online or **computer-based** technologies for their training delivery.
- **1.5 percent** use **social networking** or **mobile** training methods.

The majority of organizations (58 percent) use online training for mandatory or compliance training. Online training also often is used for desktop application training (40 percent) and IT/systems application training (41 percent). Online training is least used for sales training (18 percent) and executive development (19 percent).

- If an organization is increasing resources in any specific areas, it appears to be in management or supervisory training (18 percent reporting increasing funding) or

Training Delivery Methods by Company Size 2009



customer service training and compliance training (both increases by 15 percent of respondents).

- Decreases are likely to be seen in the areas of desktop applications (24 percent noted a decrease) and interpersonal skills training (23

percent reported decreases).

What are the highest priorities for training?

- Reducing costs/improving efficiencies.
- Increasing the effectiveness of training programs.

TRAINING OUTSOURCING

The average expenditure for training **outsourcing** was **\$306,178**. The median response was \$50,000, with \$10,000 being the most often cited response.

- LMS operations/hosting is the function most often outsourced (18 percent).
- LMS administration and learner support are the least outsourced (82 percent and 80 percent, respectively).
- Instruction/facilitation is the most often considered for some degree of outsourcing (54 percent).

Extent of Outsourcing

