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Survey Results:

Best Practices in Working with Learning Service Providers



Survey Results: Best Practices in Working with Learning Service Providers

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Survey Results: Best Practices in Working with Learning Service Providers

Survey Overview

Strong alignment between companies and learning service providers is critical to ensuring providers are able to meet the ever-changing needs of their clients. However, this study found that about half of engagements that begin with strong alignment don't stay that way. What are the root causes of this drop-off in alignment? And, which practices best contribute to maintaining strong alignment throughout an engagement?

In January, 2009, we surveyed professionals from a broad spectrum of industries, all of whom monitor or oversee relationships with learning service providers. The study includes both respondents who consider their companies strongly aligned with their learning service providers and those who do not. The contrast between the two groups provides key insights into alignment levels and practices used by companies at various stages of long-term or outsourcing engagements. The result: Communication, clearly defined goals and provider flexibility are among the chief factors impacting alignment and performance.

Key Findings

Only 41 percent of survey participants have strong alignment with their learning service providers. While three in four are aligned at the beginning of an engagement, less than half remain strongly aligned throughout the engagement.

Communication is essential to maintaining alignment throughout an engagement. However, less than a third of survey participants create formal communication plans. The strongly aligned group engages in communication more than the group that is not strongly aligned. Our study recommends communicating with providers every other week and holding partner meetings every other month. In addition, metrics should be reviewed for performance monthly and reevaluated bimonthly.

Creating governance teams and defining a clear future state for contracted services are important activities to establish initial alignment. Both of these practices are done more frequently by respondents who are strongly aligned. When asked what they would do differently to ensure alignment, respondents' most frequent comments were about adding clarity and specificity to contracts and ensuring providers clearly understood goals.

Provider inflexibility is a big obstacle to achieving alignment. Respondents believe that providers' inability to change processes and inflexible financial models have a strong negative impact on alignment. Respondents also report that the number one reason they would replace a provider is a lack of flexible or responsive service.

Proactive practices like communicating and establishing goals have a stronger impact on performance than practices like rewards and penalties. Most participants feel that alignment practices like defining services, communicating frequently and setting achievable goals and metrics have a strong impact on driving provider performance, while fewer believe that "carrot and stick" approaches matter.



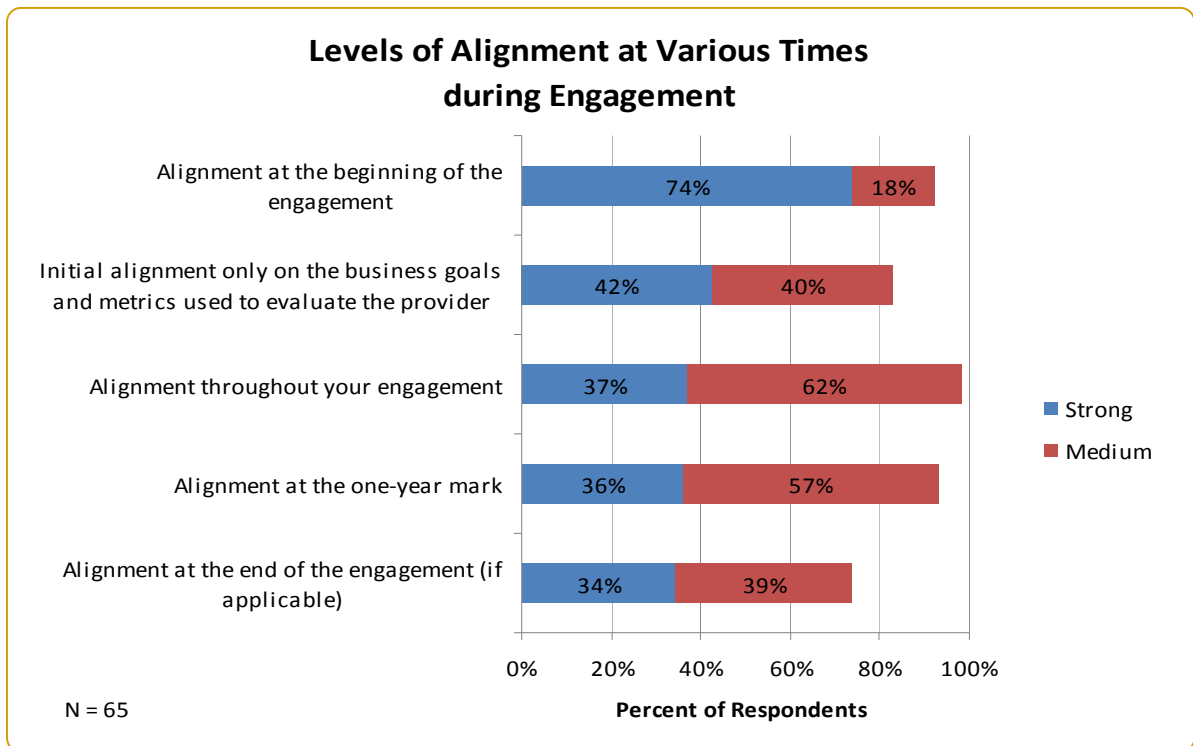
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Analysis: Alignment Levels and Practices

Please rate the overall level of alignment between your company and your learning service providers at various times during your engagements.

While nearly three in four respondents felt strongly aligned with their providers at the beginning of the engagement, only 41 percent (not charted) of participants felt that they were currently aligned with their providers. As Figure 1 shows, initial alignment drops off significantly at later points in the engagement, with less than half indicating that they were strongly aligned throughout the engagement, at the one-year mark or at the end of the engagement.

Figure 1



To better understand what practices affect *continuous* alignment—or alignment at any point after the engagement starts—it is useful to compare the practices of those who are strongly aligned at some point to the practices of those who never have strong alignment..

To look at these differences, two comparably sized groups were created, as follows:

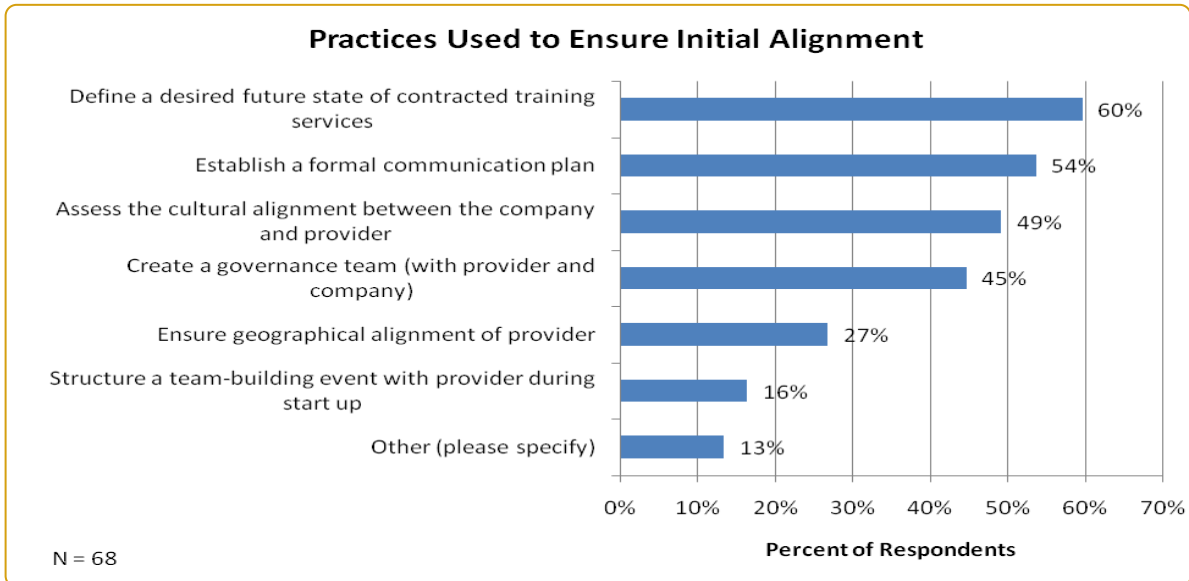
- Strong Alignment Group:** Those respondents who were strongly aligned during *at least one of three times*: throughout the engagement, at one year or at the end of the engagement
- Not Strong Alignment Group:** Those who were *never* strongly aligned at any of these points

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Which practices does your company use to ensure initial alignment with learning service providers?

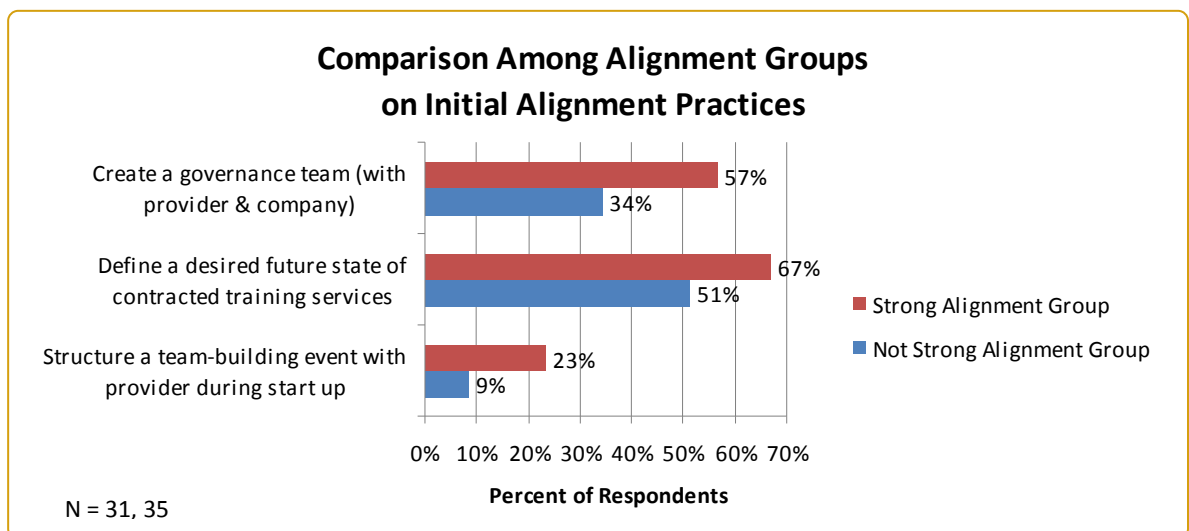
Utilized by 60 percent of respondents from both alignment groups, the most common practice for ensuring initial alignment is defining a future state of contracted training services. As Figure 2 illustrates, about half also establish formal communication plans, assess cultural alignment and create governance teams. The “other” practices include using thorough selection processes, setting up metrics and designating staff to oversee relationships with each provider.

Figure 2



As Figure 3 shows, the strongly aligned respondents use three practices more often than not strongly aligned respondents: 1) Creating governance teams; 2) Defining a future state of contracted training services; and 3) Conducting team-building activities with providers.

Figure 3



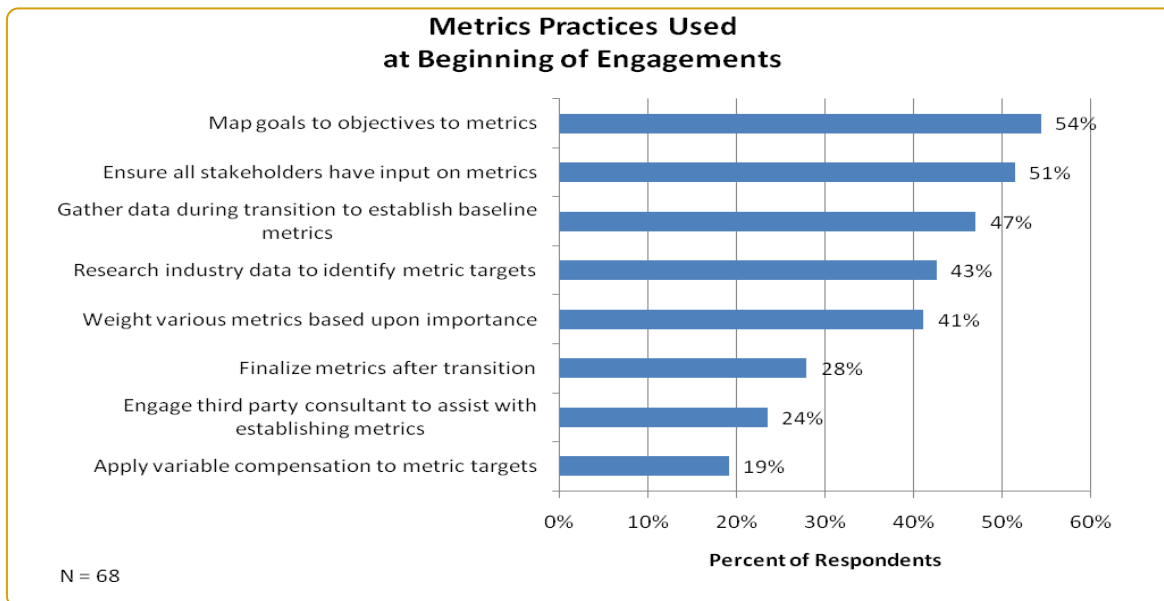


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Which practices does your company use in regards to metrics at the beginning of an engagement with learning service providers?

In most cases, less than half of the participants engage in any of the metric practices listed in the following chart at the start of an engagement, as displayed in Figure 4. Only 54 percent map goals to metrics and involve all stakeholders in metric discussions, but less than half use benchmark or comparison metrics such as baseline metrics or industry targets or weight metrics by importance. Less than one in five apply variable compensation to metric targets.

Figure 4



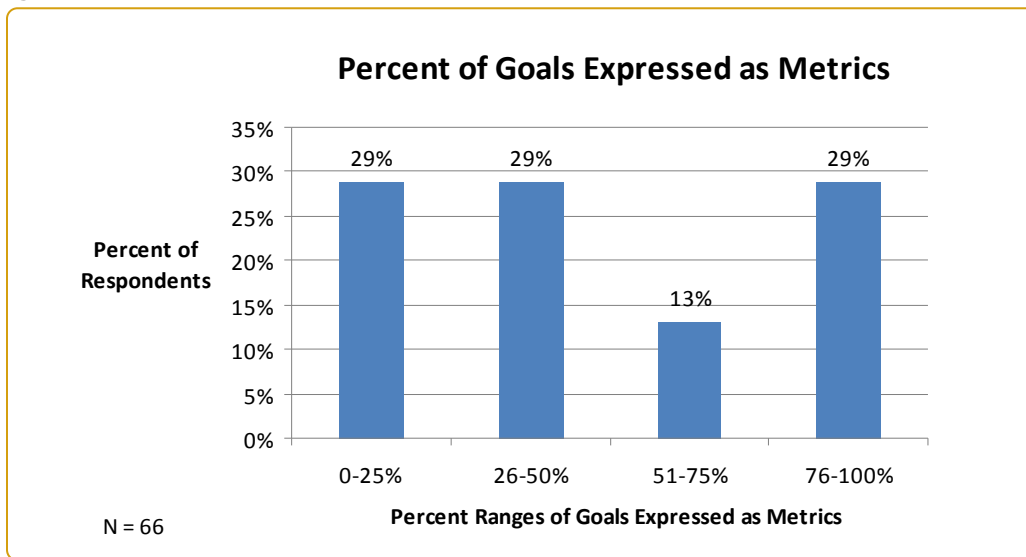
The strongly aligned group gathered baseline metrics and finalized metrics after the transition more often.

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What percentage of your company's goals can be expressed as metrics or key performance indicators (for example, as typically included in a Service Level Agreement or learning service contract)?

Responses covered the entire spectrum of possibilities, ranging from 0 to 100 percent of respondent companies' goals being expressed as metrics. At 58 percent, the majority of respondents indicated less than half of their goals were expressed as metrics, as shown in Figure 5.

Figure 5



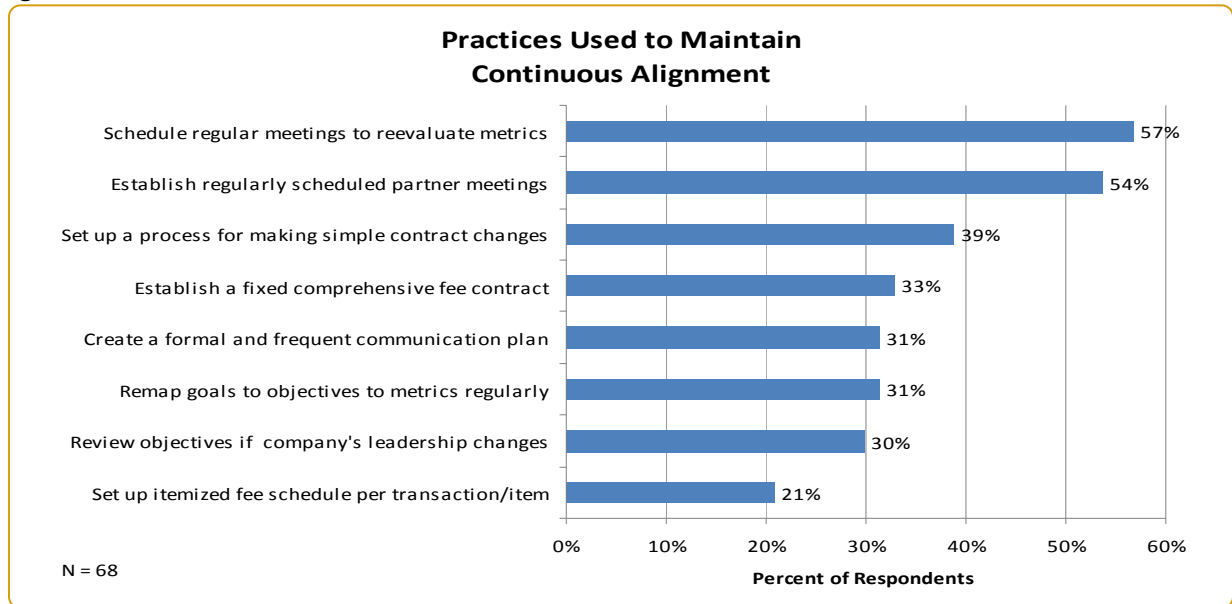
The strongly aligned group expresses more of their companies' goals as metrics compared to the not strongly aligned group: 58 to 47 percent.

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Which practices does your company use to maintain continuous alignment between your company and learning service providers?

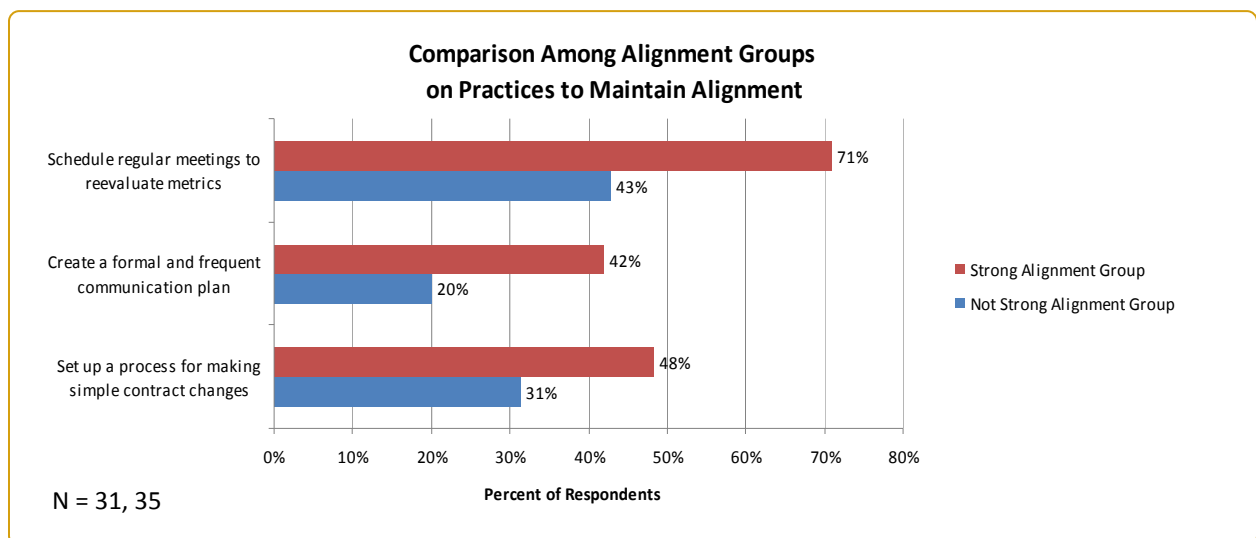
Communication in the form of regular meetings to reevaluate metrics and meet with partners was by far the most common practice for maintaining alignment; however, only 57% of the participants engaged in this practice, as the data in Figure 6 indicate. Only one in five participants used an itemized fee schedule.

Figure 6



As Figure 7 illustrates, the much higher percentage of regularly scheduled meetings to reevaluate metrics among the strong alignment group underscores the importance it has in maintaining alignment. A second communications area—creating formal and frequent communications plans—was also more prevalent in the strong alignment group.

Figure 7





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Analysis: What Impacts Alignment?

Please rank the importance of each general type of metric in ensuring alignment between your company and learning service providers.

Overall, respondents ranked the importance of each of the following five types of metrics in ensuring alignment between the company and provider as follows:

- 1) Customer Satisfaction Metrics (for example, feedback ratings)
- 2) Quality Metrics (for example, errors, issues)
- 3) Performance Metrics (for example, processing turnaround)
- 4) Financial Metrics (for example, cost, spend)
- 5) Activity Metrics (for example, volumes, production)

Figure 8 indicates the percentage of respondents ranking each type of metric as numbers 1 through 5. Customer satisfaction metrics was the clear metric of choice.

Figure 8

Ranking	Customer Satisfaction Metrics	Quality Metrics	Performance Metrics	Financial Metrics	Activity Metrics
#1	43%	15%	17%	17%	10%
#2	15%	37%	22%	17%	10%
#3	17%	21%	30%	17%	19%
#4	12%	16%	20%	29%	24%
#5	12%	11%	12%	19%	38%
Percent of Respondents Ranking Each Metric Type at Each Rank					

When asked how customer satisfaction metrics ensure alignment, the most common answer was that they reflect how client organizations are ultimately measured in serving the needs of internal customers/business units (for example, increasing sales, increasing efficiency and other goals).

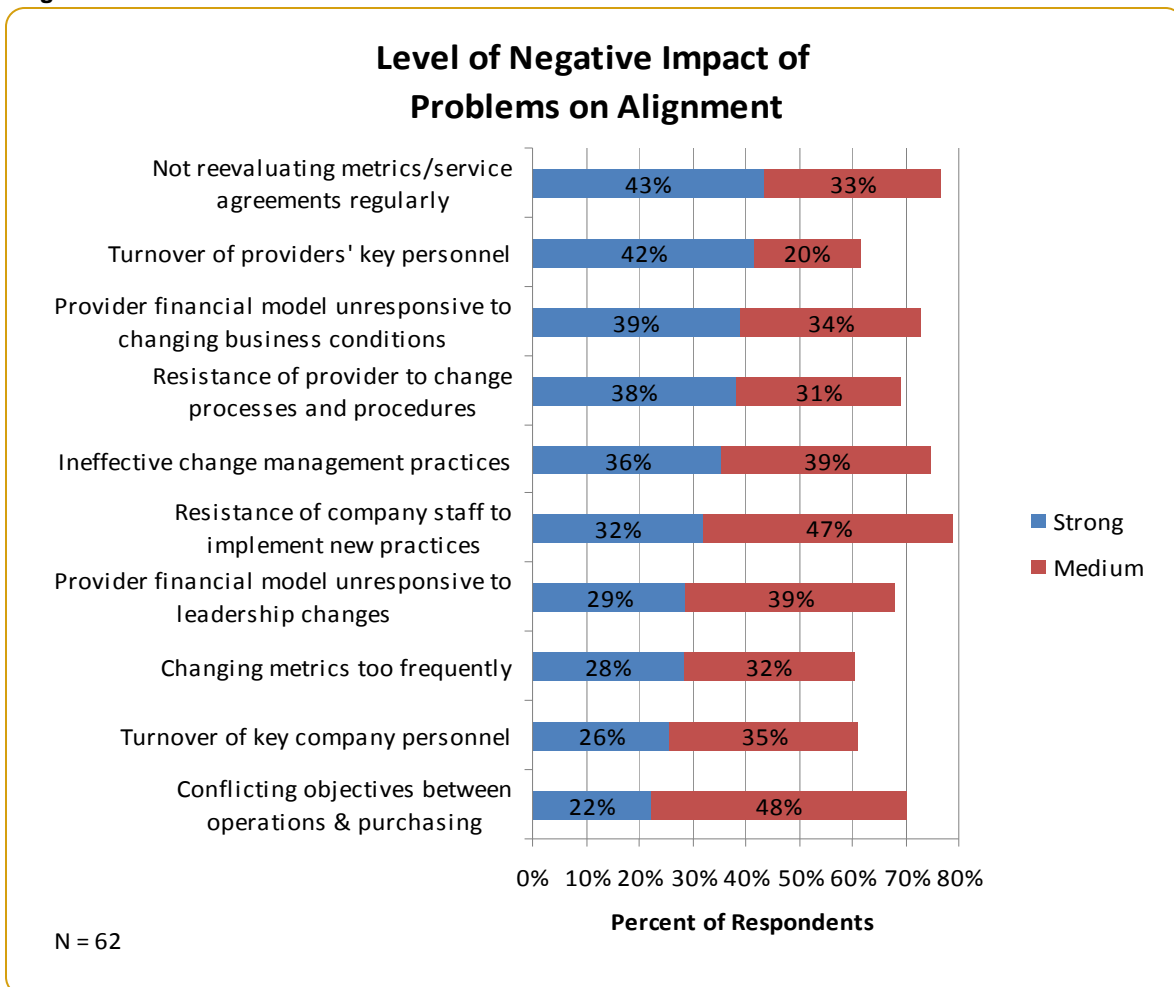
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How strong of a negative impact does each of the following problems have on your company's ability to maintain continuous alignment with learning service providers?

Three of the top four areas with the strongest negative impact are related to providers: their turnover, their inflexible financial models and their resistance to change. This underscores the importance of provider flexibility in ensuring alignment. Beyond selecting providers, much of this is outside companies' direct control.

Among the ten problems listed in the following chart in Figure 9, the most frequently chosen problem (43 percent) with a strong negative impact on alignment is an area within the company's direct control: the frequency or regularity by which they reevaluate metrics and Service Level Agreements (SLAs).

Figure 9





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How frequently should alignment activities occur to maintain continuous alignment between your company and learning service providers?

Consistent with other findings that emphasize the importance of communication in maintaining alignment, participants recommended that companies communicate with providers more than they do any other alignment activity listed, and that they do so every other week. See Figure 10 below for recommended frequencies of alignment activities.

Figure 10

Alignment Activity	Recommended Frequency
Communicate with providers.	Every other week
Review performance to metrics.	Monthly
Hold partner meetings.	Every other month
Hold meetings to reevaluate metrics.	Every other month
Conduct meetings between senior leaders/providers.	Quarterly
Reevaluate/confirm objectives.	Quarterly
Remap goals to objectives to metrics.	Quarterly
Reevaluate fee structure of contracts.	Every four months
Make simple modifications to contracts.	Twice per year
Reevaluate applicability of contract clauses.	Twice per year

N = 66

What one thing would you do differently to ensure greater alignment with your learning service provider?

At 63 percent, the majority of respondents who answered this question described things that they would do at the beginning of the engagement, while 37 percent described what they would do during the engagement. These percentages reflect the importance of the beginning of engagements. Major themes are summarized within these two time periods.

Beginning of Engagements:

- **Selection:** Improve requests for proposals (RFPs), verify providers’ flexibility, assess cultural compatibility and make sure you have at least one face-to-face meeting.
- **Contracting:** Add greater clarity, specificity and definition to contracts about roles and expectations, but also allow for and reward provider flexibility for responding to changing business needs.
- **Goal Alignment:** Engage the provider and ensure they understand the company’s industry, goals and expectations, and the requirements to achieve those objectives.
- **Governance:** Set up a cross-functional team of stakeholders or a governance council.

During Engagements:

Respondents primarily suggested **increased, regular communications** in these areas:

- Changing business initiatives, needs and goals
- Assessing provider performance on goals and deliverables
- Ensuring alignment of goals and metrics
- Providing support for providers and making them feel like part of the team

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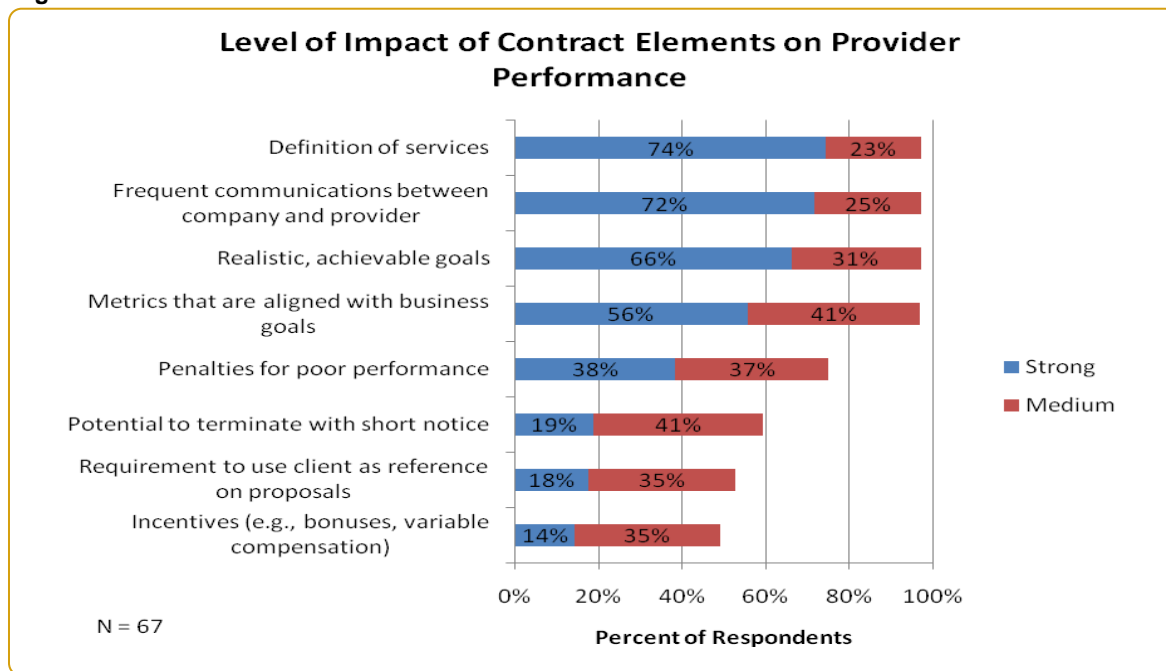
Analysis: Factors That Impact Overall Performance

How strong of an impact does each of the following contract elements have on learning service providers' performance?

Far more participants view proactive contract elements that can be negotiated up front as having a strong impact on providers' performance than "carrot and stick" elements that provide rewards or penalties after a performance period. These proactive elements include defining services and setting up communication plans, realistic goals and aligned metrics – the top four elements in Figure 11 below.

Note that the one area that explicitly refers to alignment between goals and metrics is not considered the strongest of all contract elements in influencing provider performance.

Figure 11



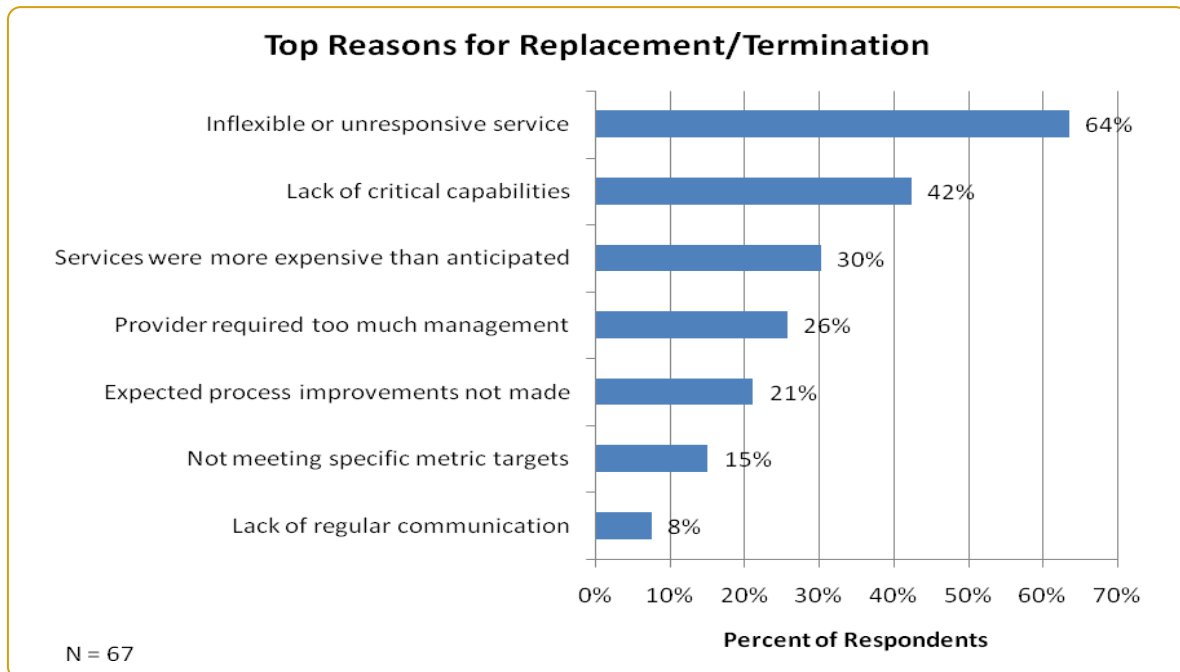
To further reinforce the importance of proactive contract elements, more in the strongly aligned group felt these elements had a strong impact on provider performance, particularly setting realistic goals (79 percent).

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What would your top reasons be for replacing or terminating a learning service provider?

While 85 percent say that poor overall performance will lead them to replace or terminate a provider (not charted), the biggest specific reason is inflexible or unresponsive service. In fact, its importance outweighed performance factors like making process improvements and meeting metric targets by a factor of three or four, as the percentages in Figure 12 show.

Figure 12



Even more of the strongly aligned group (71 percent) would terminate their providers for inflexible or unresponsive service.

This shows how critical flexible, responsive service is to the basic survival of the company-provider relationship. Without it, higher-level states, such as alignment, are not possible.

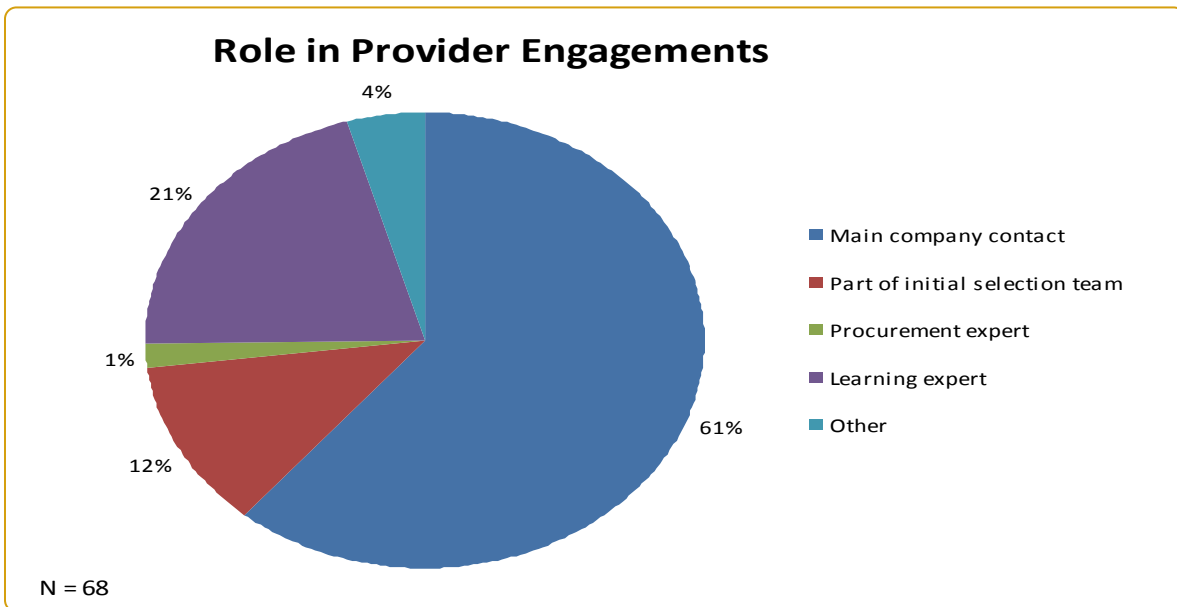
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About the Study

This study was conducted through an online survey in January 2009 with 68 professionals who monitor or oversee relationships with learning service providers. The focus was on long-term learning service providers with engagements of a year or more in length.

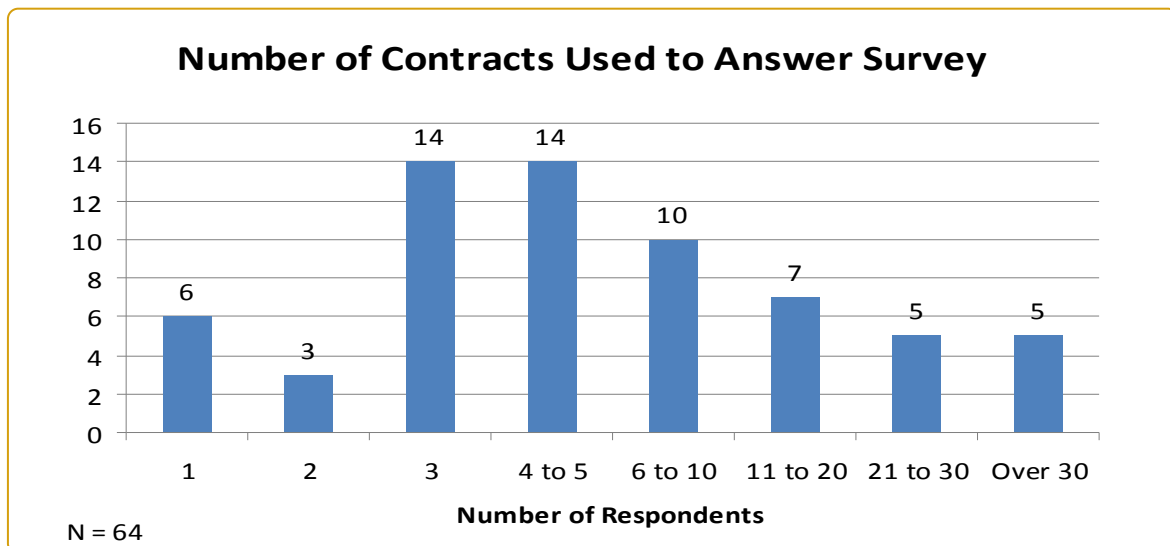
Which of the following best describes your involvement in engagements with your learning service providers?

Figure 13



Indicate the number of contracts for which you are sharing insights for this survey.

Figure 14



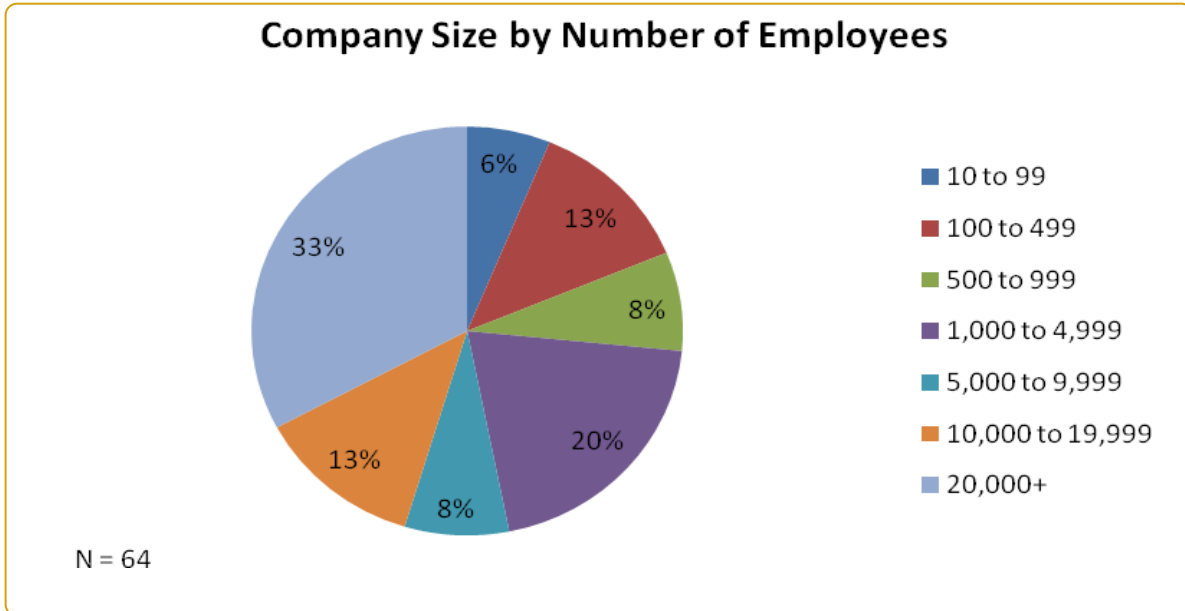
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The average number of years the current contracts have been in effect is three years.

Of all the contracts started in the past three years, less than one in five (or 17 percent) have been terminated.

Please indicate your company's size.

Figure 15

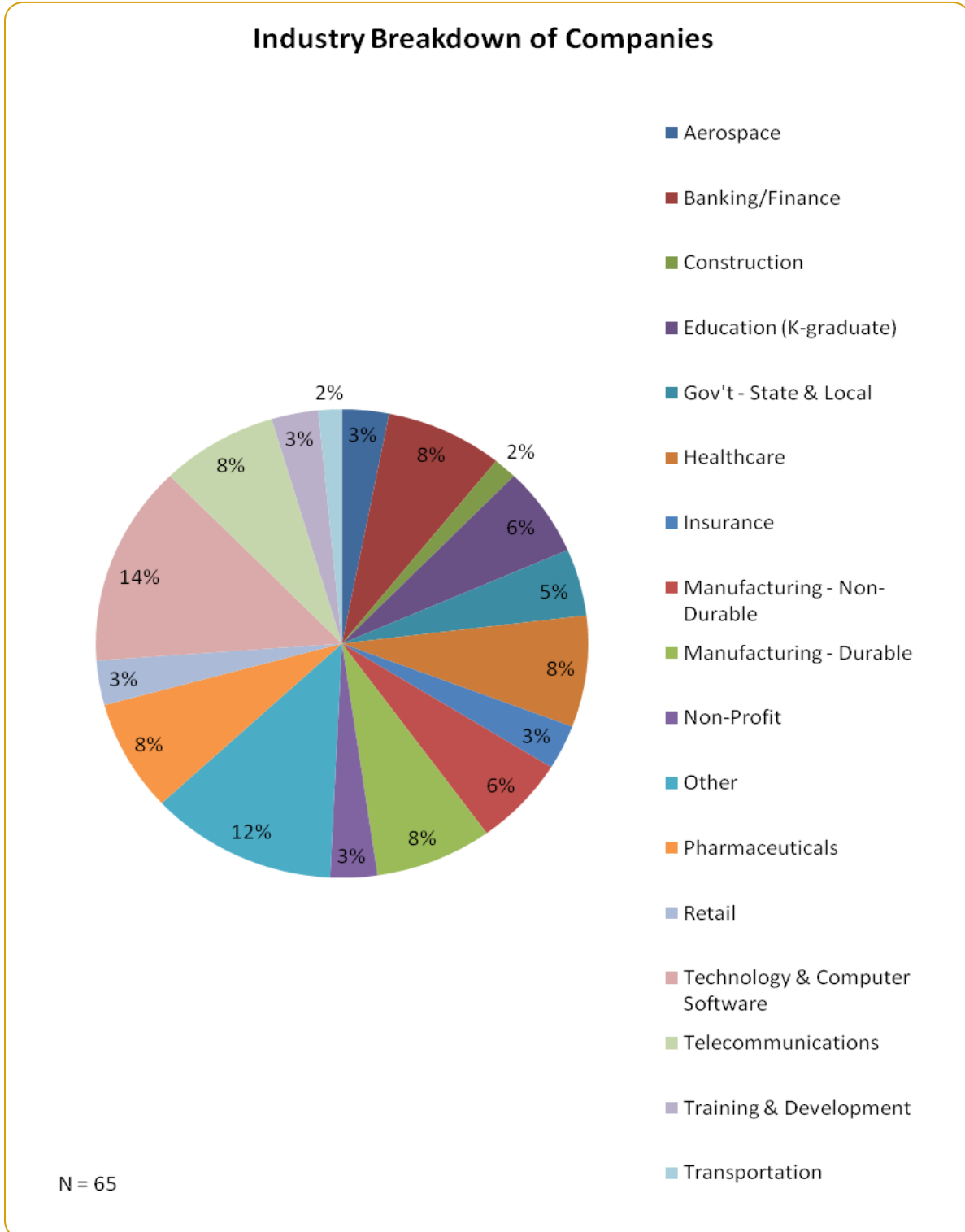




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Please indicate your company's industry.

Figure 16





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About GP

General Physics Corporation (GP) is a global training, consulting and engineering company that helps performance-driven organizations solve business issues while creating pathways for continuous improvement.

GP's approach to teamwork is personalized and reinforced by a strong commitment to earning client satisfaction. GP's professionals are dedicated to providing the superior service and flexible solutions that have been the hallmark of the company for more than 40 years. From custom training, sales training and consulting to talent management and business process outsourcing, when working with GP, clients can count on a tailored approach that focuses on their business goals.

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