Now in its 30th 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 May/June 2011, 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.

**SURVEY RESPONDENTS**

<table>
<thead>
<tr>
<th>Organization Type</th>
<th>Large</th>
<th>Midsize</th>
<th>Small</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Association</td>
<td>N/A</td>
<td>$1,800,000</td>
<td>$256,100</td>
<td>$1,028,050</td>
</tr>
<tr>
<td>Education</td>
<td>$996,818</td>
<td>$398,533</td>
<td>$388,571</td>
<td>$467,538</td>
</tr>
<tr>
<td>Government/Military</td>
<td>$5,852,000</td>
<td>$1,775,800</td>
<td>$225,276</td>
<td>$2,000,298</td>
</tr>
<tr>
<td>Manufacturer/Distributor</td>
<td>$28,860,744</td>
<td>$1,843,542</td>
<td>$332,333</td>
<td>$5,216,078</td>
</tr>
<tr>
<td>Nonprofit</td>
<td>$12,093,320</td>
<td>$1,234,125</td>
<td>$179,791</td>
<td>$1,957,395</td>
</tr>
<tr>
<td>Retail/Wholesale</td>
<td>$466,667</td>
<td>$1,656,250</td>
<td>$185,778</td>
<td>$816,100</td>
</tr>
<tr>
<td>Services</td>
<td>$12,403,144</td>
<td>$2,212,342</td>
<td>$252,928</td>
<td>$3,974,934</td>
</tr>
<tr>
<td>Avg. Across Sizes</td>
<td>$12,677,841</td>
<td>$1,776,997</td>
<td>$256,082</td>
<td>$3,221,676</td>
</tr>
</tbody>
</table>

**Average of Total Annual Budget**

- **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:** Annual spending on external vendors and consultants, including all products, services, technologies, off-the-shelf and custom content, and consulting services.

The economic roller coaster ride continues, but training appears to be on an upswing. Total 2011 U.S. training expenditures—including payroll and spending on external products and services—jumped 13 percent to $59.7 billion. Some 32 percent of respondents reported that their training budget increased—up from 24 percent last year. Likewise, training payroll increased substantially, from $25.7 billion to $31.3 billion, and spending on outside products and services jumped more than $2 billion to $9.1 billion. The training budget 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. It is interesting to note that although small companies have the smallest annual budgets, there are so many of them that they account for 77 percent of the total budget for training expenditures.
The contribution of large companies decreased, although the number of large companies increased this year. Midsize companies showed the greatest increase compared to last year, going from $8.89 billion to $12.47 billion. Both the number of midsize companies and the base budget for them increased this year. Small companies had a modest (9 percent) increase in the average total budget, but the number of small companies decreased by 10 percent. The total contribution by small companies increased 7 percent this year.

Large companies had the largest percent of their budget or $345,791 on learning tools and technologies. Manufacturers/distributors had the largest percent (32 percent) increase in the average total budget, but the number of large companies increased this year. Midsize companies had a modest (9 percent) increase in the average total budget, but the number of midsize companies increased 7 percent this year. Small companies had a modest (9 percent) increase in the average total budget, but the number of small companies decreased by 10 percent. The total contribution by small companies increased 7 percent this year.

The jump in payroll can be attributed in part to a significant increase in training staff. Some 29 percent of organizations said they would buy authoring tools/systems, classroom tools and systems, and learning management systems. These numbers are virtually the same as last year. Intent to purchase audio and Web conferencing products and systems declined from 27 percent in 2010 to 24 percent in 2011. The jump in payroll can be attributed in part to a significant increase in training staff. Some 29 percent of organizations said they would buy authoring tools/systems, classroom tools and systems, and learning management systems. These numbers are virtually the same as last year. Intent to purchase audio and Web conferencing products and systems declined from 27 percent in 2010 to 24 percent in 2011.

The highest percentage of organizations (26 percent) said management/supervisory training will receive more funding than last year. On average, organizations plan to allocate the most funding to professional/industry-specific training ($2.7 million), followed by IT/systems training at $848,327 and mandatory/compliance training ($680,379).

On average, employees receive 39 hours of training per year, one hour less than last year. While large retail/wholesale organizations have the highest average number of hours overall (93), government/military organizations have the greatest number of hours regardless of size (average of 68). Executives saw a decline in their share of training resources, from 22 percent of the training spend down to 10 percent in 2011. Non-exempt employees saw their share rebound back to the 2009 levels at 41 percent, up from 26 percent in 2010. Like last year, the highest percentage of organizations (26 percent) said management/supervisory training will receive more funding than last year. On average, organizations plan to allocate the most funding to professional/industry-specific training ($2.7 million), followed by IT/systems training at $848,327 and mandatory/compliance training ($680,379).
The average training budget for large companies was $12.7 million, while midsize companies allocated an average of $1.8 million, and small companies dedicated an average of $256,082.
Like last year, the majority (50 percent) of respondents reported budget decreases between 6 and 15 percent. More than 60 percent chose “other” as the reason for the decrease, citing “across-the-board budget cuts,” “decreasing revenues,” and “economic reasons,” among others. This was followed by:

- Budget adjustments to reflect lower costs (50 percent; up from 39 percent last year)
- Staff reductions (48 percent; up from 35 percent)
- Attended fewer outside learning events (42 percent; up from 41 percent)

The most important priorities for training in terms of allocating resources in 2011 are: increasing the effectiveness of training programs (28 percent, up from 26 percent last year) and reducing costs/improving efficiencies (the same as 2010 at 23 percent), followed by measuring the impact of training programs and increasing learner usage of training programs (both with 13 percent). Like last year, learning infrastructure/technology initiatives and obtaining revenue through external training remain the lowest priorities.
Mandatory or compliance training continues to be done mostly online, with 73 percent of organizations doing at least some of it online and 18 percent entirely online. Online training also often is used for desktop application training (59 percent, up from 47 percent last year) and IT/systems application training (60 percent, up from 48 percent last year). Online training is least used for customer service training (36 percent), executive development (39 percent), and interpersonal skills (38 percent). Of the learning technologies presented, the most often used include:

- Virtual classroom/Webcasting/video broadcasting (76 percent, up from 71 percent last year). That said, 54 percent of companies use virtual training methods for less than 10 percent of their programs.
- Learning Management System (LMS) (69 percent, up from 67 percent)
- Usage of an application simulation tool increased slightly from 43 percent last year to 46 percent this year.

The delivery methods least often used for training remain the same as last year:

- Podcasting at 21 percent
- Online Performance Support (EPSS) or knowledge management system at 23 percent
- Learning Content Management System (LCMS) at 26 percent

Technology remains a force in training but did not show significant gains in 2011. In particular, hours of training delivered via social networking and mobile declined.

- 41.6 percent of training hours are delivered by a stand-alone computer-based methods (28 percent vs. 20 percent for 2010).
- 24 percent of hours are delivered with blended learning techniques, up a bit from 21.9 percent last year.
- 21.9 percent of hours are delivered via online or computer-based technologies, down slightly from 23.6 percent last year.
- 1.3 percent of training hours are delivered via social networking or mobile devices, down from 2.7 percent last year.

Small and midsize companies continue to rely on instructor-led delivery methods more so than large companies: 45 percent vs. 30 percent. Blended learning is fairly even across companies of all sizes at roughly 24 percent. Large companies appear to be focusing on online or computer-based methods (28 percent vs. 20 percent for small and midsize companies).

![Graph showing training method usage by company size 2011](image-url)

**Types of Training Delivered by Online Training Methods**

<table>
<thead>
<tr>
<th>Training Method</th>
<th>Small (10 to 999 employees)</th>
<th>Midsize (1,000 to 9,999 employees)</th>
<th>Large (10,000 or more employees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Development</td>
<td>22.3%</td>
<td>24.1%</td>
<td>26.6%</td>
</tr>
<tr>
<td>Management/Supervisory Training</td>
<td></td>
<td>26.1%</td>
<td>29.4%</td>
</tr>
<tr>
<td>Interpersonal Skills</td>
<td></td>
<td>11.2%</td>
<td>10.9%</td>
</tr>
<tr>
<td>IT/Systems Training</td>
<td></td>
<td>20.5%</td>
<td>13.1%</td>
</tr>
<tr>
<td>Desktop Application Training</td>
<td></td>
<td>0.6%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Customer Service Training</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mandatory or Compliance Training</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profession/Industry-Specific (e.g., engineering)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Projected Funding for Learning Areas Next Year**

<table>
<thead>
<tr>
<th>Training Area</th>
<th>Executive Development</th>
<th>Management/Supervisory Training</th>
<th>Interpersonal Skills</th>
<th>IT/Systems Training</th>
<th>Desktop Application Training</th>
<th>Customer Service Training</th>
<th>Sales Training</th>
<th>Mandatory or Compliance Training</th>
<th>Profession/Industry-Specific (e.g., engineering)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory or Compliance Training</td>
<td>13%</td>
<td>26%</td>
<td>17%</td>
<td>18%</td>
<td>20%</td>
<td>22%</td>
<td>21%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>Executive Development</td>
<td>52%</td>
<td>58%</td>
<td>51%</td>
<td>56%</td>
<td>52%</td>
<td>34%</td>
<td>59%</td>
<td>59%</td>
<td>59%</td>
</tr>
<tr>
<td>Management/Supervisory Training</td>
<td>9%</td>
<td>10%</td>
<td>12%</td>
<td>14%</td>
<td>7%</td>
<td>8%</td>
<td>8%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Interpersonal Skills</td>
<td>26%</td>
<td>19%</td>
<td>19%</td>
<td>17%</td>
<td>21%</td>
<td>4%</td>
<td>13%</td>
<td>26%</td>
<td>26%</td>
</tr>
<tr>
<td>IT/Systems Training</td>
<td>20%</td>
<td>19%</td>
<td>19%</td>
<td>17%</td>
<td>14%</td>
<td>13%</td>
<td>12%</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>Desktop Application Training</td>
<td>22%</td>
<td>22%</td>
<td>22%</td>
<td>22%</td>
<td>20%</td>
<td>21%</td>
<td>18%</td>
<td>18%</td>
<td>18%</td>
</tr>
<tr>
<td>Customer Service Training</td>
<td>21%</td>
<td>20%</td>
<td>20%</td>
<td>21%</td>
<td>21%</td>
<td>21%</td>
<td>21%</td>
<td>21%</td>
<td>21%</td>
</tr>
<tr>
<td>Mandatory or Compliance Training</td>
<td>22%</td>
<td>21%</td>
<td>21%</td>
<td>21%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Profession/Industry-Specific (e.g., engineering)</td>
<td>21%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
</tbody>
</table>

**Online Method Use for Types of Training**

<table>
<thead>
<tr>
<th>Training Method</th>
<th>Executive Development</th>
<th>Management/Supervisory Training</th>
<th>Interpersonal Skills</th>
<th>IT/Systems Training</th>
<th>Desktop Application Training</th>
<th>Customer Service Training</th>
<th>Sales Training</th>
<th>Mandatory or Compliance Training</th>
<th>Profession/Industry-Specific (e.g., engineering)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Development</td>
<td>29%</td>
<td>21%</td>
<td>12%</td>
<td>12%</td>
<td>18%</td>
<td>18%</td>
<td>8%</td>
<td>23%</td>
<td>23%</td>
</tr>
<tr>
<td>Management/Supervisory Training</td>
<td>42%</td>
<td>30%</td>
<td>27%</td>
<td>26%</td>
<td>25%</td>
<td>17%</td>
<td>17%</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>Interpersonal Skills</td>
<td>23%</td>
<td>19%</td>
<td>14%</td>
<td>14%</td>
<td>21%</td>
<td>21%</td>
<td>21%</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>IT/Systems Training</td>
<td>23%</td>
<td>19%</td>
<td>26%</td>
<td>26%</td>
<td>25%</td>
<td>17%</td>
<td>17%</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>Desktop Application Training</td>
<td>8%</td>
<td>4%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Customer Service Training</td>
<td>17%</td>
<td>17%</td>
<td>17%</td>
<td>17%</td>
<td>17%</td>
<td>17%</td>
<td>17%</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>Mandatory or Compliance Training</td>
<td>32%</td>
<td>32%</td>
<td>32%</td>
<td>32%</td>
<td>32%</td>
<td>32%</td>
<td>32%</td>
<td>32%</td>
<td>32%</td>
</tr>
<tr>
<td>Profession/Industry-Specific (e.g., engineering)</td>
<td>18%</td>
<td>18%</td>
<td>18%</td>
<td>18%</td>
<td>18%</td>
<td>18%</td>
<td>18%</td>
<td>18%</td>
<td>18%</td>
</tr>
</tbody>
</table>

**Training Delivery by Company Size 2011**

<table>
<thead>
<tr>
<th>Company Size</th>
<th>Blended Learning</th>
<th>Virtual Classroom/Webcast</th>
<th>Instructor-Led Classroom</th>
<th>Online or Computer-Based</th>
<th>Social Networking</th>
<th>Mobile Only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small (10 to 999 employees)</td>
<td>22.3%</td>
<td>45.2%</td>
<td>11.2%</td>
<td>20.5%</td>
<td>0.6%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Midsize (1,000 to 9,999 employees)</td>
<td>24.1%</td>
<td>44.4%</td>
<td>10.9%</td>
<td>20.1%</td>
<td>0.7%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Large (10,000 or more employees)</td>
<td>26.6%</td>
<td>29.4%</td>
<td>13.1%</td>
<td>28.4%</td>
<td>2.1%</td>
<td>0.7%</td>
</tr>
</tbody>
</table>
2011 saw a significant rise in the average expenditure for training outsourcing: $606,563, up from $257,871 in 2010. An average of 23 percent of the total training budget was spent on outsourcing.

As with 2011, the level of outsourcing is expected to stay relatively steady in 2012—some 79 percent of organizations said they expect to stay the same in the outsourcing area. And the percentage of companies expecting to increase use is almost exactly offset by those organizations expecting to decrease outsourcing for the same functions. On balance, large companies will outsouric less, especially when it comes to instruction/facilitation and LMS administration. Midsize companies may outsouric more custom content development.

Both of the two areas with the least outsourcing this year, learner support and LMS administration, anticipate slightly less outsourcing vs. slightly more, plus an average of 48 percent said they have no intention of outsourcing those functions, so those numbers can be expected to dip again next year.

2011 saw a significant rise in the average expenditure for training outsourcing: $606,563, up from $257,871 in 2010. An average of 23 percent of the total training budget was spent on outsourcing. The level of outsourcing is expected to stay relatively steady in 2012.
In 2012, large companies will outsource less, especially when it comes to instruction/facilitation and LMS administration. Midsize companies may outsource more custom content development.