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2010 TRAINING INDUSTRY REPORT

ABOUT THIS STUDY

Now in its 29th 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-August 2010, 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.

Pundits may have proclaimed the recession over, but the training industry--like most--has not been quick to bounce back. Some progress is being made: Total 2010 U.S. training expenditures--including payroll and spending on external products and services-inched up $600 million to $52.8 billion. But the reality is that 76 percent of survey respondents said their training budgets either stayed the same or decreased, while average training salaries plunged more than $2,000, according to Training magazine's Annual Salary Survey (see p. 32). 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. The projection of the industry's size is flat, which reflects a significant increase in the number of smaller companies (less than 100 employees) from last year.

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

Other expenditures rose to $20.1 billion, taking up 38 percent of the total, up from 24 percent in 2009. The amount spent on products and services remained flat at $7 billion (13 percent of the total in both 2009 and 2010). On average, organizations spent $562,934 on learning tools and technologies in 2010, which is up nearly $100,000 from the $483,789 spent the year before. Looking ahead, nearly 40 percent of organizations plan to purchase online learning tools and systems in the coming year, while roughly 30 percent said they would buy authoring tools/systems, classroom tools and systems, audio and Web conferencing products and systems, and learning management systems. These numbers are virtually the same as last year.

Payroll shed nearly $7 billion to $25.7 billion (it was $32.9 billion in 2009). That said, the majority (61 percent) of respondents reported their organizations retained the same staffing level as the year before, compared with 57 percent in 2009. Some 23 percent said it was lower (vs.35 percent last year), and 16 percent said it was higher (vs. 13 percent in 2009). The average payroll figure was $2 million, while the median response was $240,000, and the most often cited training payroll figure was $100,000, down from $200,000 last year.

With overall industry spending up slightly, there was a corresponding 1 percent increase in the amount spent by companies per learner.Overall, companies spent $1,041 per learner this year compared with $1,036 per learner in 2009. However, looked at by company size, the figures all decreased for small, midsize, and large firms from the year before because of the increased number of companies with less than 100 employees in the D&B list used to project industry size.

On the staffing side, for those who reported an increase in their training staff, the average increase was 6.3 people, down from 11 in 2009, with the same median increase of two people. Most reported an increase of one person. For those who reported a decrease in their staff, the average decrease was 10 people--significantly lower than the 16 noted last year--with a median of four staffers (vs. three in 2009) and most citing an increase of one-person cuts vs. two-people cuts last year.

On average, employees receive 40 hours of training per year, with the median response being 25 hours, while the most often cited response was 40 hours.

Last year, managers and executives saw a modest decline in their share of training resources, but in 2010, executives are taking a much bigger piece of the pie with 22 percent of the training spend (up from 8.8 percent in 2009). Nonexempt employees saw their share nearly cut in half, from 43.9 percent to 26 percent. This may be a result of more companies focusing on developing and maintaining strong leaders in the face of continued economic challenges.

This is born out by the fact that 27 percent--the highest percentage by far--said management/supervisory training will receive more funding than last year. Some 16 percent said interpersonal skills such as communication and teamwork will receive more funding than last year, but another 18 percent said such training will receive less funding. Other decreases are likely to be seen in the areas of desktop applications (14 percent) and IT/systems training (15 percent).

The average training budget for large companies was $15.9 million, while midsize companies allocated an average of $1.3 million, and small companies $234,850.

The majority of companies--44 percent--said their training budget remained the same, while 32 percent said it decreased, and 24 percent said it went up. Some progress is being made as last year 47 percent noted budget decreases, 36 percent said it stayed the same, and only 17 percent reported an increase. Budget increases typically fell in the 1 to 15 percent range. Most respondents who reported an increase in their training budgets attributed it to the following reasons:

- Increase in the scope of their training programs (57 percent)
- More learners served (43 percent)
- Purchased new technologies/equipment (40 percent)

The majority of respondents reported budget decreases between 6 and 15 percent. Most attributed the decrease to the following reasons:

- Reduced travel and associated costs of attending outside learning events (41 percent)
- Budget adjustments (39 percent)
- Staff reductions (35 percent)

The most important priorities for training in terms of allocating resources in 2010 are: increasing the effectiveness of training programs (26 percent) and reducing costs/ improving efficiencies (23 percent), followed by measuring the impact of training programs and increasing learner usage of training programs (both with 14 percent).Learning infrastructure/technology initiatives and obtaining revenue through external training were by far the lowest priorities.

TRAINING DELIVERY

Technology continues to make in-roads in training delivery as witnessed by the decline in instructor-led training and the uptick in social networking or mobile training:

- 27.7 percent of training hours are delivered by a stand-and-deliver instructor in a classroom setting; that figure is down significantly from the 47 percent reported last year.
- 21.9 percent of hours are delivered with blended learning techniques, down a bit from 23 percent last year.

• 23.6 percent use online or computer-based technologies for their training delivery, up slightly from 18.5 percent last year.
• 7.2 percent use social networking or mobile training methods, up from 1.5 percent last year.

Small and midsize companies continue to rely on instructor-led delivery methods more so than large companies: 52 percent vs. 37 percent. But the numbers flip when it comes to blended learning: 30-plus percent for small and midsize vs. 23 percent for large companies. Large companies appear to be focusing on online or computer-based methods (30 percent vs. an average of 24 percent for small and midsize companies). Small companies appear to be pushing slightly ahead when it comes to training via social networking and mobile devices.

Like last year, the majority of organizations (61 percent) use online training for mandatory or compliance training. Online training also often is used for desktop application training (47 percent, up from 40 percent last year) and IT/ systems application training (48 percent, up from 41 percent last year). In line with last year's reporting, online training is least used for sales training (21 percent) and executive development (23 percent).

Of the learning technologies presented, the most often used currently include:
• Virtual classroom/Webcasting/Video broadcasting (71 percent)
• Learning Management System (LMS) (67 percent)

Usage of an application simulation tool decreased from 76 percent last year to 43 percent this year.

The delivery methods least often used for training remain the same as last year:
• Podcasting
• Online Performance Support (EPSS) or knowledge management system
• Learning Content Management System (LCMS)

The average expenditure for training outsourcing was $257,871, down from $306,178 in 2009. The median response was $50,000, with $100,000 being the most often cited response.
• Like last year, LMS operations/hosting is the function most often completely outsourced (21 percent).
• LMS administration continues to be the least outsourced (80 percent).
• Outsourcing learner support increased a bit, from 20 percent in 2009 to 21 percent in 2010, while custom content development slipped slightly from 44 percent to 40 percent.
• Instruction/facilitation again is the most often considered for some degree of outsourcing (although it's down from 54 percent last year to 44 percent this year):

As with 2010, the level of outsourcing is expected to stay relatively steady in 2011, with minor adjustments. Looking ahead:
• Some 13 percent of respondents anticipate outsourcing more custom content development, while an equal number expect less outsourcing of it.
• The two areas with the least outsourcing this year, LMS administration and learner support, anticipate slightly less outsourcing vs. slightly more, so those numbers can be expected to dip again next year.
• Instruction/facilitation--which. projected nearly twice the number of respondents opting for less outsourcing than those going for more in 2010--seems to be reversing the trend. Some 9 percent foresee an increase in outsourcing this function vs. 7 percent who see less.

SURVEY RESPONDENTS

Small companies (100-999 employees)
39%
Midsize (1,000-9,999 employees)
36%
Large (10,000 or more employees)
25%
Total respondents
801

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).

Public Administration
2%
Educational Services/Academic Institution
8%
Construction
2%
Hospitality
4%
Health/Medical Services
16%
Finance/Banking
11%
Transportation/Utilities
6%
Technology/Software
8%
Other
2%
Retail
3%
Real Estate/Insurance
9%
Safety/Security
2%

Consulting
2%
Government/Military
8%
Business Services
6%
Communications
2%
Wholesale/Distribution
2%
Manufacturing
10%

About Survey Respondents:

- 54% are managers or above in the organization
- 18% are developers or instructional designers
- 23% are mid- to low-level (based on title selection) associates
- 54% determine the need for purchasing products and services
- 22% set the budget
- 28% manage request for proposals/bids
- 67% recommend the purchase
- 20% have the final purchase decision

Training Expenditures 2005-2010

In $ Billions

Total Training Expenditures 51.1 55.8
58.5
56.2 52.2
52.8

Training Staff Payroll 37.5 36.3
37.5
33.7 32.9
25.7

Spending on Outside Products & Services 13.5 15.8
16.3
15.4 7.0
6.9

Average of Total Annual Budget

Legend for Chart:

A - Organization Type
B - Large
C - Midsize
D - Small

E - Grand Total

A	B	C	D	E
Association	$450,000	N/A	N/A	$450,000
Education	$1,350,000	$427,308	$131,880	$634,256
Government/Military	$17,466,667	$2,263,181	$307,159	$4,698,848
Manufacturer/Distributor	$13,470,833	$1,781,636	$270,691	$5,025,669
Nonprofit	$11,071,429	$408,600	$234,320	$2,139,073
Retail/Wholesale	$3,280,000	$638,300	$102,222	$1,292,423
Services	$24,667,964	$1,138,628	$223,205	$5,847,349
Grand Total	$15,882,243	$1,288,711	$234,850	$4,267,872

Types of Training Products and Services Intended to Purchase Next Year

Assessment & Analysis Testing
18.4%
Audience Response Systems
4.4%
Audio and Web Conferencing Products & Systems
26.6%
Authoring Tools/Systems
30.8%
Business Skills
17.6%
Certification
23.9%
Classroom Tools & Systems
27.7%
Consulting
20.8%

Content Development
27.5%
Courseware Design
17.8%
Customer Relationship Management
9.6%
Enterprise Learning Systems
6.5%
Games & Simulations
16.6%
Knowledge Management Tools/Systems
13.0%
Learning Management Systems
28.3%
Mobile Learning
13.6%
Online Learning Tools & Systems
39.6%
Support/On-Demand Learning Tools & Systems
14.5%
Presentation Software & Tools
23.7%
Talent Management Tools & Systems
14.3%
Training Management Administration
11.5%
Translation & Localization
8.8%
Web 2.0
6.3%

Training Expenditures per Learner 2008-2010

	2008	2009	2010
All Companies	$1,075	$1,036	$1,041
Small (10 to 999 employees)	$1,129	$1,176	$1,076
Midsize (1,000 to 9,999 employees)	$743	$975	$702
Large (10,000 or more employees)	$944	$886	$886

Hours of Training per Employee 2009-2010

	2009	2010
All Companies	31	40.1
Small (10 to 999 employees)	33	40.9
Midsize (1,000 to 9,999 employees)	29	40.6
Large (10,000 or more employees)	33	36.7

Training Expenditure Allocations-Who Gets Trained?

Executives
22%
Managers, Exempt
27%
Non-Managers Exempt
25%
Non-Exempt Employees
26%

Staff per 1,000 Learners

Large Companies

Overall for Large Companies
8.3%
10,000 to 24,999
9.6%
25,000 to 49,999
5.7%
50,000 or more
8.6%

Who Benefits from Training?

	2008	2009	2010
Non-Exempt Employees	$19.1B	$22.9B	$13.7B
Non-Managers, Exempt	$18.1B	$12.5B	$13.2B
Managers, Exempt	$13.7B	$12.2B	$14.3B
Executives	$5.3B	$4.6B	$11.6B

Staff per 1,000 Learners

Midsize Companies

Overall for Midsize Companies
10.9%
1,000 to 4,999
12%
5,000 to 9,999
7.9%

Staff per 1,000 Learners

Small Companies

Overall for Small Companies
25.4%
100 to 249
37.5%
250 to 499
19.7%
500 to 999
4.2%

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

Higher
16%
Lower
23%
Same
61%

What Happened to Your Training Budget This Year?

Decreased
32%
Increased
24%
Remained the same
44%

Budget Change by Industry

	Same	Decrease	Increase
Nonprofit	49%	24%	27%
Association	40%	0%	60%
Education	47%	38%	15%

Government/Military	27%	49%	24%
Retail/Wholesale	58%	21%	21%
Services	45%	30%	27%
Manufacturer/Distributor	45%	32%	23%

How Much Did Your Training Budget Increase?

All Companies

More Than 25%
14%
16% to 25%
9%
6% to 15%
43%
1% to 5%
34%

Small Companies

More Than 25%
8%
16% to 25%
14%
6% to 15%
42%
1 % to 5%
36%

Midsize Companies

More Than 25%
19%
16% to 25%
6%
6% to 15%
49%
1 % to 5%
26%

Large Companies

More Than 25%
16%

16% to 25%
4%
6% to 15%
32%
1 % to 5%
48%

Why Did Your Budget Increase?
Added Training Staff
33%
Increased Number of Learners Served
43%
Increased Scope of Training
57%
Attended More Outside Learning Events (conferences/seminars) 16%
Increased Outside Trainer/Consultant Investment
21%
Purchased New Technologies/Equipment
40%
Budget Adjusted to Reflect Higher Costs
24%
Other
5%

How Much Did Your Training Budget Decrease?
All Companies

More Than 25%
23%
16% to 25%
20%
6% to 15%
42%
1 % to 5%
15%

Small Companies

More Than 25%
24%
16% to 25%
19%
6% to 15%
40%
1 % to 5%
17%

Midsize Companies

More Than 25%
24%
16% to 25%
20%
6% to 15%
41%
1 % to 5%
15%

Large Companies

More Than 25%
18%
16% to 25%
21%
6% to 15%
52%
1 % to 5%
9%

Why Did Your Budget Decrease?
Reduced Training Staff
35%

Decreased Number of Learners Served
22%

Decreased Scope of Training
22%

Attended Fewer Outside Learning Events (conferences/seminars)
41%

Decreased Outside Trainer/Consultant Investment
26%

Budget Adjusted to Reflect Lower Costs
39%

Other
29%

Projected Funding for Learning Areas Next Year

	More Than Last Year	About the Same as Last Year	Less Than Last Year	N/A
Profession/Industry-Specific (engineering, accounting, etc.)	11%	57%	13%	19%
Mandatory or Compliance Training	13%	70%	7%	10%
Sales Training	13%	37%	8%	42%
Customer Service Training	14%	56%	12%	18%
Desktop Application Training	9%	61%	14%	16%
IT/Systems Training (e.g., enterprise software)	10%	59%	15%	16%
Interpersonal Skills (e.g., communication, teamwork)	16%	54%	18%	12%
Management/Supervisory Training	27%	54%	10%	9%
Executive Development	12%	52%	11%	25%

Training Delivery Methods by Company Size 2009

Legend for Chart:

A - Blended Learning (a combination of methods listed below)
B - Instructor-Led Classroom Only
C - Virtual Classroom/Webcast Only
(instructor from remote location)
D - Online or Computer-Based Methods Only (no instructor)
E - Social Networking Only
(wikis, blogs, communities of practice)

F - Mobile Only (cell phones, iPods, PDAs)

	A	B	C	D	E	F
Small (10 to 999 employees)	35.5%	52.3%	22.6%	24.8%	6.7%	7.6%
Midsize (1,000 to 9,999 employees)	30.5%	52.6%	14.5%	22.8%	6.1%	4.8%
Large (10,000 or more employees)	23.6%	37.1%	21.0%	30.0%	4.8%	3.1%

Online Method Use for Types of Training

Legend for Chart:

A - We Don't Offer This Training
B - No Online
C - A Few Online Programs
D - Some Online
E - Mostly Online
F - All Online

	A	B	C	D	E	F
Profession/Industry-Specific (e.g., engineering)	20%	18%	29%	25%	7%	1%
Mandatory or Compliance Training	9%	9%	21%	14%	29%	18%
Sales Training	44%	19%	17%			

15% 5%
0%

Customer Service Training 21% 25%
25%
22% 6%
1%

Desktop Application Training 15% 15%
24%
21% 19%
6%

IT/Systems Training
(e.g., enterprise software) 15% 14%
23%
30% 15%
3%

Interpersonal Skills
(e.g., communication) 12% 27%
31%
21% 8%
1%

Management/Supervisory Training 11% 21%
31%
29% 8%
0%

Executive Development 27% 27%
23%
16% 6%
1%

Types of Training Delivered by Online Training Methods

Profession/Industry-Specific (e.g., engineering)
33%
Mandatory or Compliance Training
61%
Sales Training
21%
Customer Service Training
29%
Desktop Application Training
47%

IT/Systems Training (e.g., enterprise software)
48%
Interpersonal Skills (e.g., communication)
31%
Management/Supervisory Training
38%
Executive Development
23%

Learning Technologies Current Usage

All Companies

	Use currently	Do not use	Not sure
Podcasting	16%	76%	8%
Online Performance Support or Knowledge Management System	25%	64%	11%
Rapid E-Learning Tool (PowerPoint conversion tool)	47%	45%	8%
Application Simulation Tool	43%	51%	6%
Virtual Classroom/Webcasting/ Video Broadcasting	71%	27%	2%
Learning Content Management System (LCMS)	26%	64%	10%
Learning Management System (LMS)	67%	27%	6%

Small Companies

	Use currently	Do not use	Not sure

Podcasting	12%	80%	8%
Online Performance Support or Knowledge Management System	23%	69%	8%
Rapid E-Learning Tool (PowerPoint conversion tool)	37%	56%	7%
Application Simulation Tool	32%	61%	7%
Virtual Classroom/Webcasting/ Video Broadcasting	66%	33%	1%
Learning Content Management System (LCMS)	18%	72%	10%
Learning Management System (LMS)	53%	40%	7%

Midsize Companies

	Use currently	Do not use	Not sure
Podcasting	16%	77%	7%
Online Performance Support or Knowledge Management System	20%	68%	12%
Rapid E-Learning Tool (PowerPoint conversion tool)	49%	40%	11%
Application Simulation Tool	43%	51%	6%
Virtual Classroom/Webcasting/ Video Broadcasting	73%	26%	1%

Learning Content Management System (LCMS)	32%	61%	7%
Learning Management System (LMS)	74%	22%	4%

Large Companies

	Use currently	Do not use	Not sure
Podcasting	25%	65%	10%
Online Performance Support or Knowledge Management System	41%	43%	16%
Rapid E-Learning Tool (PowerPoint conversion tool)	65%	27%	8%
Application Simulation Tool	71%	25%	4%
Virtual Classroom/Webcasting/ Video Broadcasting	83%	15%	2%
Learning Content Management System (LCMS)	35%	53%	12%
Learning Management System (LMS)	88%	10%	2%

Extent of Outsourcing All Companies

Legend for Chart:

A - No Outsourcing
B - Some Outsourcing
C - Mostly or Completely Outsourced

	A	B	C

Instruction/Facilitation	53%	44%	3%
LMS Administration (registration, upload date)	80%	16%	4%
LMS Operations/Hosting	60%	19%	21%
Learner Support	79%	17%	4%
Custom Content Development	60%	34%	6%

Extent of Outsourcing

Small Companies

Legend for Chart:

A - No Outsourcing
B - Some Outsourcing
C - Mostly or Completely Outsourced

	A	B	C
Instruction/Facilitation	56%	40%	4%
LMS Administration (registration, upload date)	80%	14%	6%
LMS Operations/Hosting	63%	18%	19%
Learner Support	77%	19%	4%
Custom Content Development	66%	26%	8%

Midsize Companies

Legend for Chart:

A - No Outsourcing
B - Some Outsourcing
C - Mostly or Completely Outsourced

	A	B	C
Instruction/Facilitation	53%	44%	3%

LMS Administration (registration, upload date)	82%	15%	3%
LMS Operations/Hosting	58%	18%	24%
Learner Support	83%	14%	3%
Custom Content Development	59%	36%	5%

Large Companies

Legend for Chart:

A - No Outsourcing
B - Some Outsourcing
C - Mostly or Completely Outsourced

	A	B	C
Instruction/Facilitation	45%	53%	2%
LMS Administration (registration, upload date)	75%	23%	2%
LMS Operations/Hosting	57%	25%	18%
Learner Support	74%	21%	5%
Custom Content Development	40%	54%	6%

Projected Use of Outsourcing

All Companies

Legend for Chart:

A - More Outsourcing
B - The Same
C - Less Outsourcing
D - We Don't/Wont Outsource This Function

A B
C D

Instruction/Facilitation 9%
47%
9%
35%

LMS Administration (registrations, uploading data) 5%
35%
7%
53%

LMS Operations/Hosting 7%
46%
7%
40%

Learner Support 6%
36%
8%
50%

Custom Content Development 13%
37%
13%
37%

Small Companies

Legend for Chart:

A - More Outsourcing
B - The Same
C - Less Outsourcing
D - We Don't/Wont Outsource This Function

A B
C D

Instruction/Facilitation 8%
51%
8%
33%

LMS Administration (registrations, uploading data) 4%
37%
7%
52%

LMS Operations/Hosting 6%
44%
8%
42%

Learner Support 6%
39%
8%
47%

Custom Content Development 11%
37%
13%
39%

Midsize Companies

Legend for Chart:

A - More Outsourcing
B - The Same
C - Less Outsourcing
D - We Don't/Wont Outsource This Function

A B
C D

Instruction/Facilitation 7%
43%
10%
40%

LMS Administration (registrations, uploading data) 4%
34%
7%
55%

LMS Operations/Hosting 7%
46%
6%
41%

Learner Support 5%
31%
9%
55%

	A	B	C	D
Custom Content Development	9%	37%	10%	44%

Large Companies

Legend for Chart:

A - More Outsourcing
B - The Same
C - Less Outsourcing
D - We Don't/Wont Outsource This Function

	A	B	C	D
Instruction/Facilitation	15%	48%	9%	28%
LMS Administration (registrations, uploading data)	11%	36%	5%	48%
LMS Operations/Hosting	11%	49%	6%	34%
Learner Support	8%	38%	6%	48%
Custom Content Development	25%	34%	18%	23%