



STATE OF THE INDUSTRY REPORT

2007



2007 SPONSORS



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INTRODUCTION

2007 marks a successful transition in the way ASTD collects data for the *State of the Industry* report. The ASTD Workplace Learning and Performance (WLP) Scorecard® has become the primary portal through which ASTD gathers industry data. During this transition, we did not collect data from the ASTD Benchmarking Survey (BMS) for 2005, but we are pleased to present a robust set of data from a wide variety of organizations for 2006. This data includes responses from users of the WLP Scorecard®, ASTD Benchmarking Forum (BMF) organizations, and ASTD BEST Award winners. The 2007 *State of the Industry* provides substantial data against which organizations may benchmark their learning investments and practices.

As our data collection has changed, so too has the presentation of the data. We have calculated results for the consolidated set of responses each year, with the exception of 2005. Breakouts for BMF organizations and BEST Award winners are also presented, as we have done for several years. Most topic areas include a multiyear data table accompanied by one or more charts and text highlights. Descriptions of the data sources and demographics for each sample are in one table at the beginning of the report. Questions and definitions used to gather data from the WLP Scorecard®, BMF, and BEST submissions are at the end of the report.

We are confident that our enhanced data collection is a more sophisticated approach to reporting the value of learning. For learning executives and other business leaders, obtaining accurate and actionable information about learning remains a critical aspect of sound decision-making. Our dedication to delivering useful and relevant data is unwavering as we continue to research trends in the WLP profession.

ACKNOWLEDGEMENTS



ASTD would like to thank all of the people who provided data about their organizations' learning investments. Gathering data can be arduous, even in organizations that already have sophisticated and comprehensive learning management systems. Without learning professionals dedicated to providing accurate and complete data year after year, we would not be able to produce one, let alone 11 consecutive years of *State of the Industry* reports.

Many people at ASTD share a passion and talent for the profession, and their efforts helped make this report a reality, particularly Richa Batra, Carol Chulew, Mike Czarnowsky, Steve Fife, Luis Gonzalez, Jared Lemke, Julia Raether, and Roy Rivera. I extend my thanks to those who reviewed this year's *State of the Industry* report, and whose support has been crucial: Tony Bingham, Pat Galagan, Jennifer Homer, and Paula Ketter. Special thanks to analyst Elizabeth Durkin, without whose assistance the 2007 *State of the Industry* report could not have been produced.

Special recognition goes to the companies that sponsored this year's report: Intrepid, Microsoft, INSEAD, KLA, and WebEx. Their generosity is fundamental in helping maintain the high production quality of the report and in supporting the laborious qualitative data analysis that was required to do justice to the richness of the data in the submissions.

Finally, everyone at ASTD wishes to thank the readers and users of the ASTD *State of the Industry* reports. Their input and feedback over the years has helped us improve how we communicate industry data and trends. We urge readers to make full use of the data and results presented in this report to increase support for workplace learning and performance in their organizations.

Andrew Paradise

Andrew Paradise, Ph.D.
Research Analyst, ASTD

If you're like most busy executives, reviewing industry benchmarking reports may seem like a luxury when you are faced with the day-to-day realities of your job. While it is natural to prioritize the immediate and put off the strategic, it is important to take the time to educate yourself and your organization with the industry's seminal works. The ASTD *State of the Industry* report is the critical benchmarking source in the learning industry. This report commands your attention with its credibility, the strength of its data, and its impact on our industry.

ASTD's benchmarking research matters. The *State of the Industry* report allows you to monitor critical trends, best practices and innovations across the industry. This year's report, for example, points to some interesting stabilizing trends regarding levels of learning investment, hours of training consumed, and the use of external services, while highlighting the continued acceleration of learning technologies. The report allows you to compare your performance against industry norms and best practices. This is important data that helps you understand whether the level and types of investments you are making are on par with similar organizations. And most importantly for busy executives, this report provides critical data that allows you to substantiate and execute critical business decisions.

The learning industry is fortunate that ASTD continues to invest in developing effective data collection methods that drive the *State of the Industry* report. In particular, the robust new WLP data collection tools will continue to improve the depth and precision of benchmarking data.

As a learning provider committed to research, best practices and excellence, we are pleased to sponsor this year's report.

Sam Herring

Sam Herring, Co-Founder and Executive Vice President
Intrepid Learning Solutions

DATA SOURCES

Consolidated responses

Data are presented in three slices against which workplace learning professionals can benchmark learning investments and practices in their organizations. Presented first, the consolidated responses include all of the organizations that submitted data for a particular year. From 2001 to 2003, the consolidated responses include data from the ASTD Benchmarking Forum (BMF) and Benchmarking Service (BMS) samples. Starting with 2004, data from ASTD-BEST-Award-winning organizations was included. Consolidated data was not available for 2005 because of the transition of data collection to the new ASTD Workplace Learning and Performance (WLP) Scorecard®, but the 2006 data includes responses from WLP Scorecard® users, the BMF organizations, and the BEST Award winners.

ASTD Benchmarking Forum organizations

The second group of findings presented is data collected from the ASTD BMF organizations. BMF members are typically very large global organizations, most of which are based in the United States. In any given year, between three and six BMF member organizations are based outside the United States.

BEST Award winners

The third group consists of organizations that won ASTD BEST Awards. Started in 2003, the BEST Awards program recognizes organizations that demonstrate a clear link between learning and performance across the enterprise. In 2007, 34 of the winners were U.S.-based organizations; five were based in India, two are headquartered in Canada, and one is located in the Republic of South Africa. As in previous years, the winners were selected according to the following criteria:

- evidence that learning has value in the culture
- evidence of a link between learning and performance
- evidence that the organization has leveraged technology in learning
- evidence of innovative learning initiatives.

In 2007, BEST Award applicants completed the same quantitative survey as the WLP Scorecard respondents and the BMF sample, permitting direct comparison of the same indicators among them. The BEST Award applicants also completed a largely qualitative survey that was analyzed for this report.

Table 1: Data Sources

Data Source	Samples	Average Number of Employees	Average Payroll \$M	Data Sources
Consolidated Responses				
Organizations that submitted their data as part of ASTD's ongoing benchmarking programs. From 1999 to 2003, this combined set of responses included data from the ASTD Benchmarking Forum (BMF) and ASTD's Benchmarking Service (BMS). In 2004, data from the ASTD BEST Award-winning organizations was also included in the consolidated set. In 2005, the BMS was phased into ASTD's new WLP Scorecard, so consolidated data is not available for 2005. The 2006 consolidated responses include data from the WLP Scorecard users, the BMF organizations, and the BEST organizations.	Consolidated			
	2006 (n = 221)	27,549	1,116	WLP Scorecard, BMF, BEST
	2005	na	na	na
	2004 (n = 246)	14,699	3,960	BMS, BMF, BEST
	2003 (n = 278)	16,875	1,538	BMS, BMF
	2002 (n = 297)	10,914	856	BMS, BMF
2001 (n = 304)	11,658	926	BMS, BMF	
BMF = ASTD Benchmarking Forum Organizations				
The ASTD Benchmarking Forum is a group of large <i>Fortune 500</i> companies and public sector organizations that share data and best practices with one another. These organizations submit detailed data on their training investments and practices each year.	BMF			
	2006 (n = 25)	71,905	4,157	
	2005 (n = 22)	70,487	4,513	
	2004 (n = 24)	57,868	3,568	
	2003 (n = 26)	100,168	4,930	
	2002 (n = 21)	66,823	6,175	
2001 (n = 34)	63,259	4,213		
BEST = ASTD BEST Award Winners				
Organizations that were honored for their exceptional efforts to foster, support, and leverage enterprise-wide learning for business results.	BEST			
	2006 (n = 42)	28,269		
	2005 (n = 39)	60,386		
	2004 (n = 29)	45,870		
	2003 (n = 24)	40,883		
2002 (n = 23)	18,572			

EXECUTIVE SUMMARY

The findings from the 2007 *State of the Industry* report suggest that the learning function has achieved an unprecedented level of sophistication. Sustained investment, particularly in technology solutions, reveals that business leaders are aware of the value of learning. In 2006, organizations continued to take the steps needed to develop a highly skilled workforce through workplace learning and performance (WLP) initiatives. In particular, that commitment meant continuing to embrace e-learning.

Persistent usage of technology-based methods has dramatically shaped the field. As organizations deploy e-learning more frequently, the use of instructor-led learning has diminished. Discrete learning events in traditional classroom settings are gradually shifting to learning experiences that are occurring at the workstation and at the pace of the worker. Many organizations have adopted e-learning platforms in recent years and are starting to see their investments bear fruit. Some positive trends from the 2006 data include an increased ratio of learning hours used to learning hours made available (also referred to as reuse ratio) and a greater ratio of employees to WLP staff members. These types of efficiency gains are often facilitated by technology-based solutions.

The downside of e-learning sometimes manifests in significant development costs. Transitioning to an infrastructure that supports e-learning typically requires a substantial investment. Learning content must also be adapted to “plug and play” types of formats. The finding that costs in the delivery and consumption of learning hours are rising is not surprising in light of these kinds of upfront expenses. Although costs for learning delivery and consumption have increased, the underlying message is that numerous organizations consider the commitment to learning necessary. The learning function has become an integral aspect of enterprise strategy to improve performance.

Growing dedication to the learning function is reflected in the increasing investment in workplace learning and performance over the 11 years we have been reporting data. ASTD estimates that U.S. organizations spent \$129.60 billion¹ on employee learning and development in 2006. This amount reflects direct learning expenditures such as the learning function’s staff salaries, administrative learning costs, and non-salary delivery costs. Nearly two-thirds of the U.S. total (\$79.85 billion) was spent on the internal learning function, and the remainder (\$49.75 billion) was allocated to external services. How are organizations handling this vital investment? The metrics reviewed in the *State of the Industry* report illustrate the types of commitments that organizations are making to learning on an individual basis, as well as industry-wide.

Learning investments

The average direct expenditure per employee in the consolidated sample of organizations rose to \$1,040 per employee in 2006, an increase of 1.76 percent from 2004. In contrast, average direct expenditure per employee in our samples of BMF and BEST organizations fell. For BMF organizations, average direct expenditure per employee decreased 7.30 percent to \$1,320, while it decreased 5.23 percent to \$1,531 among BEST Award winners.

Direct expenditure as a percentage of payroll has remained very stable in recent years. The consolidated average expenditure as a percentage of payroll has only moved from 2.31 percent in 2003 to 2.33 percent in 2006. Although lower than the consolidated average, BMF organizations’ average direct expenditure as a percentage of payroll also was relatively stable at 2.20 percent in 2006. BEST Award winners increased their expenditures from 2.72 percent of payroll in 2005 to 2.97 percent in 2006.

Learning hours used, which reflect the amount of formal learning content that employees are consuming, have also been stabilizing. The average number of hours of formal learning used per employee displayed a moderate decline except in BEST organizations. In the consolidated sample of organizations, each employee used an average of 35.06 learning hours in 2006. In BMF organizations, the average learning hours used per employee was 40.70. BEST Award winners showed a slight gain in this metric, rising from 43.46 hours in 2005 to 44.34 hours in 2006. While learning hours used indicate consumption, learning hours made available indicate the amount of formal learning content that organizations provide to employees. The consolidated average ratio of hours used to hours available has been steadily increasing since 2003, reaching 41.3 in 2006. This reuse ratio means that in 2006 every hour of content made available was used an average of 41.3 times.

The trends for costs per learning hour used and available displayed a similar pattern in recent years. Most learning costs for BMF and BEST organizations have been falling. Costs per learning hour have been decreasing sharply and consistently for BMF organizations, dropping to \$35 per hour used and \$900 per hour available in 2006. The cost of learning hours provided also declined substantially in BEST organizations, decreasing 17.21 percent to \$1,861, while the reductions were more modest for hours used, decreasing from \$48 in 2005 to \$47 in 2006. However, the consolidated figure for average cost per learning hour used increased to \$54 in 2006, which was the second-highest value since 2001, while the consolidated average cost per learning hour available was \$1,543.

The primary driver of rising costs for both delivery and consumption of learning content likely was an increased number of full-time employees per organization. A larger number of learners compared to years past also contributed to an increased reuse ratio, because there were simply more people per organization to use learning content. An upward trend for these metrics reflects the impact of technology-based learning solutions. Delivering learning through technology typically requires a substantial infrastructure investment, as well as spending on content development and customization. One of the strengths of e-learning, however, is efficient management of content, so technology-based delivery helped foster more content reuse compared to previous years.

¹ All financial figures are reported in U.S. Dollars.

Content Areas

Learning content often shifts to match the dynamic needs of the organization and its employees. Learning professionals face a wide range of challenges because of the intricacy of modern workplace assignments. On one hand, generalized learning content must be broad enough to be useful to employees with a multitude of assignments and perspectives. On the other, specialized learning content must provide detailed information that will improve the performance of employees who likely already possess a targeted skill set.

The leading content area in 2006 was profession- or industry-specific skills and information (14.45 percent of learning hours), which demonstrates the demand for specialized learning. In fact, profession- or industry-specific skills accounted for nearly one-quarter of the learning hours in the BMF sample. Processes, procedures, and business practices (11.07 percent) and managerial and supervisory topics (11.00 percent) were the next-highest-utilized content areas in the consolidated sample. The consolidated average for IT and systems learning content was 10.24 percent but it was slightly higher for BMF organizations (11.66 percent of learning hours) and for BEST organizations (12.69 percent).

Use of technology

Reported usage of technology-based delivery methods for learning content has been displaying a consistent upward trend since 2001. Many organizations have turned to technology to design, deliver, and manage learning and performance. Adoption of e-learning frequently produces efficiency gains, increased content reuse, and decreasing costs for learning delivery. As e-learning has become more prominent, traditional instructor-led classroom sessions have accounted for fewer available learning hours than in the past. Traditional instructor-led delivery has declined in use for many reasons, such as high fees charged by instructors and time missed at work by employees.

The consolidated average for technology-based learning reached 30.28 percent of learning hours provided in 2006. This figure for technology-based delivery methods was only 11.47 percent in 2001. The use of e-learning was even greater in BMF (39.85 percent of learning hours) and BEST organizations (35.85 percent of learning hours). Of the total hours provided through technology-based methods, more than three-quarters were online in 2006. Roughly 80 percent of online learning has been self-paced in recent years.

External services

Increasingly complex requirements for learning in the workplace have forced organizations to look closely at their internal training function capabilities. This has given many organizations a better understanding of their training function's core internal competencies and helped determine when external providers can better execute certain tasks. Some aspects of the learning function have been targeted as suitable candidates for outsourcing, such as content delivery, infrastructure development, translation services, custom content development, and administrative tasks.

In 2006, more than one-quarter of the direct learning expenditure of the organizations surveyed was allocated to external providers. The proportion of external expenditure did not change much from 2004 (28.87 percent) to 2006 (28.07 percent). BEST organizations had a similar trend from 2005 (23.93 percent) to 2006 (23.47 percent). The percentage of expenditure for external services has fluctuated in BMF organizations in recent years, with the average staying above 30 percent for the fourth time in six years.

Conclusions

After carving out an important niche in the operations of organizations worldwide, the learning function appears to be undergoing a period of stabilization. For the first few years of this decade, investment in employee learning and development rose consistently. However, most metrics gauging spending on a per employee basis and as a proportion of organizational budget have been holding steady since 2004. Flat levels of investment are not indicative of flat levels of learning commitment. Many organizations have become more efficient by streamlining learning operations through technology-driven methods. Increased deployment of e-learning improved flexibility but likely contributed to rising infrastructure and development overhead. These kinds of recent mixed results suggest that the learning function has reached a new level of maturity in many organizations. It seems that organizations are giving earlier learning investments and operational improvements the time needed to blossom while assessing new challenges on the horizon.

In 2006, the organizations surveyed continued to allocate substantial resources to employee learning, expressed as financial investments such as expenditure per employee, percentage of the organization's payroll, and learning hours per employee. Some positive trends include increased learning content reuse and greater reach for the learning staff. On the downside, costs in learning delivery and consumption have increased in the past year. These increases were difficult to avoid given the substantial increase in the average number of full-time employees per organization. Learning professionals nevertheless are finding ways to stay efficient with their investments, especially through e-learning practices. Technology-based delivery methods have allowed for more adaptable delivery of learning content than in the past, which has increased content reuse.

Investment in learning remains important for organizations across a variety of industries, company sizes, and countries. This continued dedication of resources to the learning function confirms the reliance on its expertise in leveraging human capital. With any sustained financial commitment comes pressure to maximize outcomes. The key metrics from 2006 reveal a varied set of results for the learning function. Despite some signs of stabilization, the workplace learning and performance field has made significant strides in the past decade. While continuing to leverage technology-based solutions for performance improvement, learning functions are once again poised to drive business results in 2007.

ASTD 2007 STATE OF THE INDUSTRY REPORT

Subscribe to ASTD's WLP Scorecard®

ASTD has launched a new online benchmarking tool, the WLP Scorecard®. It incorporates a comprehensive set of indicators and reporting frameworks to monitor and compare the alignment, efficiency, effectiveness, and sustainability of the learning function across organizations.

In the WLP Scorecard®, you are able to choose from two types of reports: a customizable scorecard and an index report. The scorecard report will compare your learning function to other organizations' learning functions on sets of financial, operations, customer, and innovation indicators. The index report will include recommendations for how to improve the alignment, efficiency, effectiveness, or sustainability of your enterprise-wide learning activities.

For more detailed annual data

Additional data from the companies surveyed for the *State of the Industry* report is available on the ASTD WLP Scorecard®. You will also have the opportunity to directly benchmark your organizational figures against those from the companies which provided data for the report. Much of the data can be accessed free of charge.

For more information, please visit wlp.scorecard.astd.org.

Join The ASTD Benchmarking Forum

Established in 1991, the ASTD Benchmarking Forum (BMF) is a consortium of private and public sector organizations from around the world. The BMF offers members unique opportunities to benchmark learning and performance improvement processes, practices, and outcomes. It also provides access to a worldwide network of high level training professionals. Special events and meetings are held for BMF member representatives throughout the year. In addition to a detailed annual survey of member organizations' investments and practices, members can use an on-demand member-to-member survey service and access archives of all past surveys.

For more information, send an email to BenchmarkingForum@astd.org.

Apply for an ASTD BEST Award

ASTD BEST Awards recognize organizations that demonstrate enterprise-wide success as a result of employee learning and performance improvement activities. We are looking for organizations that create, support, and champion learning opportunities and a learning culture.

For more information, go to www.astd.org/BEST_Awards.

About ASTD

ASTD (American Society for Training & Development) is the world's largest association dedicated to workplace learning and performance professionals. ASTD's members come from more than 100 countries and connect locally in 136 U.S. chapters and 25 Global Networks. Members work in thousands of organizations of all sizes, in government, as independent consultants, and suppliers.

ASTD started in 1944 when the organization held its first annual conference. ASTD has widened the profession's focus to link learning and performance to individual and organizational results, and is a sought-after voice on critical public policy issues. For more information, visit www.astd.org.

ASTD has made every effort to ensure responsible use of our natural resources in the production of this publication.					
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