

Features

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Learning When to Outsource Learning

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Perhaps the most interesting part of the question, “When and why is it right for me to consider outsourcing my organization’s learning function?” is that the answer has changed so dramatically in such a short time.

Some may remember a recurring character named Mr. Subliminal on the U.S. late-night comedy program “Saturday Night Live.” This individual would intersperse rapid comments under his breath to indicate what he was really thinking and what his true intentions were. (Imagine someone delivering a speech about the importance of a healthy diet while softly muttering phrases such as “chocolate cake” and “candy bars.”)

A decade or so ago, an executive who was asked to explain a decision to outsource a function such as IT or learning would probably have replied, “This deal is all about creating better business value,” while under his breath he would have been saying, “Cost savings ... 40 percent cost savings.”

Today, for a number of reasons, the subliminal message of cost reduction through outsourcing is no longer swaying many minds. The initial cost reduction (now more accepted to be in the 20 percent range) is an interesting conversation. Once those savings are achieved, however, then what?

Executives are now after bigger game: delivering on a changing business model or a major new strategic goal that requires a transformed and scalable learning function, and developing and delivering augmented general talent management capabilities to achieve an urgent and vital business objective. For organizations looking to achieve high performance through learning outsourcing, it now really is about driving business value.

Support for Broader Business Goals

The type of request CEOs are increasingly making to learning executives is now likely to be something like, “Help us become a different kind of business,” or “Help us dominate, or continue to dominate, our market.”

Companies in the financial services industry, for example, are looking to learning outsourcing to help them evolve a different business model, one that goes beyond transactional banking. They are trying to break down their traditional product silos and develop greater cooperation among different business units to provide integrated offers, which in turn leads to long-term customer relationships that exceed mere transaction support. The new behaviors and mindsets needed in the workforce put a great deal of stress on the traditional, in-sourced learning function.

The telecommunications industry, too, is looking to transform itself as certain markets and types of services become saturated and commoditized. Staying competitive involves a

reinvention program so sweeping that enterprise learning becomes a key to overall success. That kind of challenge was how the Telstra Learning Academy, created from an outsourcing arrangement, was born.

In November 2005, Telstra — Australia's leading telecommunications and information services company — announced a transformational strategy to extend and strengthen the company's position in the Australian broadband and wireless markets. Telstra's strategic agenda was focused both on increasing revenue (by providing new integrated services targeted to business and consumer segments) and on increasing operating efficiencies (by simplifying processes and systems, and by reducing duplication and complexity of existing networks).

The strategy was challenging to Telstra's workforce on several levels. It would result in the building of a new nationwide third-generation mobile network and a 60 percent reduction in the number of network platforms being operated. The transformation also included the deployment of new business and operations support systems and a 75 percent reduction in the number of these systems.

According to Telstra Services Group Managing Director Michael Rocca, "We made the decision to leverage an outsourcing solution so our field staff could develop skills in these new technologies more rapidly, to deliver better service to our customers. We wanted our staff to be able to do the best job for our customers all the time."

The learning outsourcing arrangement resulted in the creation of the Telstra Learning Academy. With an initial funding of AU\$200 million (US\$154 million at that time) over a five-year period, the academy is providing Telstra's staff with the skills needed to run the transformed business. The training program covers field technical, network operations, construction, engineering, IT, product management, billing and procurement staff. According to Telstra Network and Technology Executive Managing Director Dan Burns, Telstra was after "the best-trained telecommunications workforce, whether it is field staff, network engineering or marketing, so that we are competitive and world class." Outsourcing was the means to make that happen.

Consistency in learning is one key benefit of a good outsourcing arrangement. At Telstra, specific learning programs targeted to build next-generation technology skills, along with a certification process, are now supporting more consistent skill development throughout Telstra's most important workforces and are supporting the achievement of clearly defined business goals.

Over time, Telstra intends to migrate its predominantly instructor-led training model to a blended program including more self-paced e-learning to enable broader and more efficient delivery of learning to the company's dispersed workforces. Additionally, new and innovative learning technologies, such as virtual instructor-led training and podcasting, will be blended into the learning model.

Scalability is another reason executives look at learning outsourcing. If a sales improvement course, for example, delivers good business results in one part of the world, a global outsourcing arrangement lets an organization more easily say, "Let's deploy this in other parts of the world." An off-the-shelf LMS may be sufficient for a limited deployment. However, if a CLO is looking to support hundreds of thousands of learners, few platforms can sustain that level of learner support.

That scalability is in clear evidence with Telstra. While the initial phase of the Telstra Learning

Academy was in progress, plans were made to expand the scope to cover more than 4,000 additional employees across engineering, IT, product management, billing operations and procurement. The total number of employees supported by the Telstra Learning Academy is now more than 17,000.

Operating efficiency and business benefits remain the two primary targets of the outsourcing arrangement. According to Greg Winn, Telstra's chief operations officer, "The success of the Learning Academy will be measured by the ability to impact hard business metrics." There are high expectations for the business benefits that will result over time.

Telstra leadership is looking to the Learning Academy to have a direct impact on business performance, specifically through higher customer satisfaction, improved productivity of the workforce and quality of work, increased job satisfaction and cost reductions. The fact that the Learning Academy started operating at full capacity one month earlier than originally planned certainly reinforced the COO's feeling that the outsourcing decision was a positive direction for Telstra.

Greater Centralization and Control

A second important goal of learning outsourcing is closely related to the first: to achieve more control over both learning outcomes and learning spend. For many large multinationals, learning has evolved within a distributed model in which different geographies have operated with a fair degree of autonomy. Each division may have its own LMS, its own software and supplies, and its own vendor contracts. If CEOs of that kind of organization want to support the broader business goals just discussed with a new approach to learning as a general corporate capability, they have a huge challenge on their hands.

Indeed, we have found that many CLOs and COOs who now talk freely about the business value being generated from their learning outsourcing strategy actually started out looking instead for global consistency and simply gaining more control over what was being spent and what it was being spent on.

For many executives, the need for this global visibility and transparency into learning operations and budgets comes when they are asked to develop a business case for a transformed learning function and a global learning capability. Business case development is often difficult because there is no single place to look for a global perspective on learning spend: That information is buried among reports and budgets from different geographies and lines of business.

At the beginning of an outsourcing partnership, the question of value creation is almost always asked. However, until organizations are able to answer some fundamental questions around where they are spending money, how they know where they would ideally like to spend it, and how they know they are spending it efficiently and effectively, it's hard — and perhaps fruitless — to get into the conversation about value creation. Organizations that are talking today about value creation from learning outsourcing got to that point only by first traversing the difficult territory of "What are we spending and why?"

So the first phase of generating value from a learning outsourcing arrangement often centers on the basics of figuring out how much is being spent on what and whom, toward what business goals. Achieving that global perspective is the basis for the majority of cost takeout through things such as better vendor and software management and centralized procurement.

The second phase or second year of the maturity curve is where delivery and access begin to

achieve real results in terms of employee performance and satisfaction and in terms of additional refinements to the cost model. By the third phase, an organization begins to think about grander things from its learning outsourcing strategy: measuring business impact, contributing to top-line growth and even innovation.

Can Outsourcing Be Innovative?

Short answer: yes. Certainly, outsourcing can be the opportunity for innovation in the manner in which learning and knowledge management make an impact on business performance.

Indeed, veteran outsourcers are finding that having a partner in place to run the “factory” of learning design and delivery frees them to think more creatively and substantively about the needs of the business and innovative ways to support that business. However, the best outsourcing providers also become the source of new ideas and innovations.

This has been the experience at BT, a global communications services company that has pursued a learning outsourcing strategy to support its global 21st Century Network platform, which allows BT to deliver software-driven services that are faster, more reliable and simpler to use. According to Peter Butler, head of BT Group’s Learning Academy, “My focus as the learning executive is on delivering a measurable change in behavior or performance of our workforces on behalf of the organization and its new strategic goals and business models. Strategically, that’s what I am all about. How that happens becomes the job, then, of the outsourcing provider. If I’m focusing too much on the how, it’s challenging for me to be innovative about the what.”

At the same time, by opening up the organization to the fresh ideas of an external provider, a company can often develop innovations beyond what it might otherwise have come up based only on an internal perspective. “Internal centers of excellence or shared service centers certainly have their place in the overall mix of operational approaches to learning administration and delivery,” Butler said. “The risk there, however, is that an internal organization is going to be constrained by internal thinking. We rely on our outsourcing provider precisely because they can bring fresh thinking into our enterprise. The dialogue that ensues from two world-class organizations exchanging ideas is absolutely invaluable. We get scale and consistent delivery through learning outsourcing, and equally important is generating innovation and creativity that is difficult to achieve within one’s own company.”

Changing the DNA of the Company

Let’s be honest: Learning professionals often are skeptical and even fearful about outsourcing. Resistance is common. Yet, again, veteran outsourcers are finding that outsourcing delivers benefits to everyone — the business side, which is looking for rigor and impact through a transformed learning function, and the learning professionals themselves, who are looking to develop deep skills in design and delivery.

There really is no turning back from the trend whereby enterprise learning is to be run as a business and often run by businesspeople. Peter Butler’s experience, for example, includes stints as an executive within corporate finance and HR before taking on his learning role at BT. Executives such as Butler have profound respect for deep learning skills but see them as a toolbox to achieve business ends. So who is going to maintain the toolbox? That’s where HR and learning outsourcing providers are actually a boon to professionals who feel called to a career in learning. If they are to have a relatively safe career path, it needs to be with an organization focused on all learning, all the time. Increasingly, that will be with an outsourcing

provider.

Yet CLOs succeeding with their outsourcing arrangement also know that attention to cultural change and governance issues is exceedingly important to move an organization over the various hurdles it faces in optimizing a learning outsourcing arrangement. Business units accustomed to autonomy in vendor selection and learning delivery may resist giving up that. Executives and managers whose career advancement is sometimes measured by how many people report to them may fail to see immediately what is in it for them by moving to learning outsourcing.

BT addressed some of these cultural and collaboration issues by creating what they called a Learning Council, consisting of the heads of learning from each of BT's lines of business. Together, these representatives were given responsibility for providing visibility into the learning needs of each business unit and accountability for the strategic alignment of new learning programs to the company's business goals. The Learning Council also included representatives from major transformation programs that crossed BT's lines of business, such as the 21st Century Network initiative.

Butler said an important message for CLOs to remember is that managing cultural change is not necessarily equivalent to enforcing a unitary culture on different global units and geographies. "Our Learning Council has helped our different units cooperate and understand each other, but those units will continue to acknowledge they are different," Butler said. "An executive simply has to work within that constraint. You have to understand the different cultures. They will never be exactly the same, and you have to work with that understanding. We acknowledge the fact that we're unlikely to satisfy everyone all the time, so we avoid setting that up as our primary goal. The challenge with large organizations is that there are many cultures and that you need to manage them, rather than enforce a single culture. That's an important message for everybody to remember."

A best practice tactically in this regard is what we might call "governing centrally and managing locally." That is, the centralized learning function can provide a governance framework that enables everyone to work together at the strategic level, without overly interfering with their ability to meet the needs of their local business on a day-to-day basis. When it's relevant and right to be different, that's fine, and when it's relevant and right to operate from a common perspective, there need to be mechanisms in place that enable that to happen.

More Than a Hammer in Search of a Nail

Part of the growing sophistication developing in the learning outsourcing field is knowing when outsourcing is the best answer and when some other tool in the enterprise learning toolbox might be more appropriate. As the old saying has it, if your only tool is a hammer, every challenge looks like a nail. CLOs have a varied set of challenges. They are looking to modernize the learning they offer and increase its business impact, mostly likely through centralizing the learning function and making it more consistent.

Is outsourcing the right answer? It may well be. But having the conversation is really the important part. A successful relationship at any level is based on trust, and trust is developed when two parties fully understand each other and their common goal. Outsourcing is one part of a varied toolbox that can help organizations generate maximum business value from their enterprise learning function



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