7 Training Outsourcing Mistakes

What to Do and Avoid when Outsourcing

CapitalWave Inc. | White Paper

August 2010

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Outsourcing When You Really Don't Need To

In today's economy, training budgets and staff have probably been cut. But unfortunately the demands on the training organization continue to be as they always have been. The "need it now" mentality still pervades in many organizations, so our reactions as training professionals are sometimes still guided by that mentality. But if you happen to have some extra cash in your budget, a common reaction to "need it now" is to outsource. Before you make this decision, take some time to analyze the current situation - and to determine if outsourcing is really a step you need to take.

First, look at your human resources. What is the training staff currently doing? Are they working on things that are really needed at the time, or can you re-prioritize in order to move the "need it now" into the top spot? Do you have a staff that is cross-trained? If so, look at your resources to see if any of the staff can be moved temporarily. For example, if you have an instructor who is also a good designer, look at his or her classroom time. If it's below 80% or so, consider moving that person into design to get the new program up and running. If you do this, you'll find that the instructor/designer is ready to move right into the classroom.

If the staff is not quite where they need to be in order to meet the current training request, consider how much time and money it may cost to go ahead and cross train the existing staff. You may have instructors who can certainly take on the new program with just a little new training or exposure to a new business area. The same goes for instructional designers. For example, you may have designers that are amateur Flash developers - send them to a class

to get their skills up to professional levels and put them on the new project. Remember that even an outsourced group is going to have a learning curve, so why not spend the learning curve on people you know will be around next year?

Along the lines of resources, take a close look at your budget. You may have extra money right now, but will there be another need for that money before the end of your organization's fiscal year? If not, take a look at outsourcing costs versus the costs of using the money to develop internally. You may not even need to use the money in question if cross-trained staff are on salary. Or, you may be able to use the money to pay out bonuses to the staff for getting the program together on short notice. The point is to truly analyze your budget and its potential uses before making the decision to outsource.

You should also look at your existing courses, both the active ones and the ones that have been shelved. Do any of the courses meet or partially meet the "need it now" requirement? Avoid looking at the course on a surface level only. Delve into the content to see how it could possibly be "torn apart" and put back together in order to meet the current need. Or perhaps the course is the starting point for the new program. But before you make the decision to outsource, look at what you have and make a decision as to whether it's worth using to move the new program forward.

One of the other reasons for a quick outsource is that you may just not want to deal with changing things around in order to meet a "need it now" request. This is quite a reasonable reaction, but be sure to take the time to analyze your situation before making

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the decision to outsource. What you find in your analysis may give you the boost you need to save money, cross-train staff, and get the new program rolling without the need to outsource training resources.

Even a quick analysis of your current situation can help you avoid making the mistake of outsourcing when you really don't need to.

Task-Based Outsourcing Versus Long Term Partners

One of the most common reasons for outsourcing training, as we have discussed, is the reaction to a "need it now" request from a stakeholder. When you outsource for this reason, the usual reaction is to look for an outsourcer who can deal with the current situation, get the program developed and delivered, and who can leave you free to move on to the next "crisis". But what are the flaws in that reaction?

This type of ad-hoc outsourcing is also known as task-based outsourcing, that is, simply filling the need that is right in front of you. The way to avoid this flaw is to look at both your long term needs as well as the ability of the outsourcer to become a long term partner. There are several ways to do this, but the best way is to look at your own organization and its needs first.

Consider coming up with a training and development "editorial calendar" for the rest of the year or appropriate time period. You probably meet with your stakeholders on a regular basis, but if you don't, the point of outsourcing is a good time to start. Find out who is going to need what and when. For example, one of you departments may be

planning to roll out a new software or new product a few months down the road. Capture this in your editorial calendar. Remember that there will always be "need it now" training requests, but you can still stay ahead of the game by planning with your stakeholders. As you develop the editorial calendar, you'll begin to see what sort of resources you're going to need to get the job done. Are you going to need developers only, or do you need to add web designers and instructors to the mix? With this in mind, you can adequately look at your outsourcing choices to find a partner.

As you look at your outsourcing choices, determine if the group only works in one area, for example, if their specialty is compliance training only. Or, do they provide a wide range of training services for your industry, such as customer service, technology, compliance, and customized solutions? If the outsourcer can do all of this, then you may have found a long-term partner instead of a task-based outsourcer.

On the other hand, you can also look at the outsourcer as a possibility even if the group does not have the expanded reach yet. As you evaluate the outsourcer, look at the groups' background, size, and overall health in order to determine if they might be a suitable choice for a long-term relationship. Ask the group if they are interested in working in that capacity by showing them your editorial training calendar. Have a candid conversation about the outsourcer's resources, training, and background in order to determine if they have "what it takes". If you have doubt, you can always move on to your next choice for an evaluation of long-term potential.

Whether the outsourcer already has the potential for a long term relationship or not, you should always use that position as a

negotiation when it comes to contracts and costs. In this environment, many outsourcers in the training and development business are hurting financially. If you and your potential outsourcer determine that a long-term potential exists, there is always the possibility of negotiating a lower rate to start out and then moving into a full rate for services as the relationship develops. The promise of continued work down the line is something that will be attractive to the outsourcer, so use it to your advantage.

Whatever you choose to do, just remember that the wiser choice is going to be long-term versus task-based outsourcing. Outsourcing training works when you have a provider who understands your organization, its mission, and its business processes, and the best way to have that relationship is to look for a long-term partner instead of a "one-off".

Next, let's look at aiming too high - and aiming too low.

Aiming Too High or Too Low

Your decision to outsource your training functions has been made. Now you have to decide what the outcome will be and which of your potential vendors can provide that outcome. But before moving to that step, consider two main factors in your decision making process that can cause you to aim too high or too low: money and content. Let's look at some ways these mistakes occur and how to avoid them.

In a perfect world, we would all like to say that money is no object. But let's face it, training budgets are always an object and always a source of decision making, whether good or bad. And most training organizations deal with the usual corporate budget issues, the biggest being the "use it or lose it" budget. If you're given a certain amount of money for a certain part of your training organization functions, and you don't use that money by the end of the fiscal year, chances are you won't see that cash in your budget on the next pass. So the first mistake is that you'll aim too high on outsourcing by simply letting your budget money burn a hole in your pocket. If you do this, you may end up with more outsourcer than you really need. In short, you'll overpay for something simply to spend the money. As we've discussed, one way to make the most out of an outsourcing relationship is to discuss the long-term with your vendor. If you do this, you may be able to earmark your budget money for that vendor without spending too much on the "get-go". Also be aware of paying extra money just to get outsourcers with certain credentials. Avoid this pitfall by determining what credentials and experience you really need.

On the other side of the budget is simply not having enough money to do what you really want to do. With this problem, you may end up aiming too low by going to the cheapest outsourcer you can find. Although this may work out if the least expensive outsourcer is right for the job, you can't take that chance unless you know for sure. If you end up with an under-qualified outsourcer, you may have to spend internal resources, both staff and money, to fix the problems that the outsourcer may have caused. If you run across this problem, be sure that you really need to outsource in the first place. There may be ways to use your limited budget internally to get the job done. This answer will come through careful analysis of the situation, the current need, and your current resources.

In regard to content and outsourcing, one of the best ways to avoid aiming too high or too low is to outline your content before you go to an outsourcer. For example, avoid telling an outsourcer that you need a sales course. Instead, write your objectives based on your analysis before you approach the outsourcers. This way, you can place a firm order for a sales course that meets objectives A, B, and C. This approach also takes out the guesswork and may end up saving you money. When you have your objectives clearly defined, you may even be able to spot a "too low" outsourcer from the beginning. For example, the sales course may be very advanced, with a very advanced audience. If your outsourcer does general sales training on a high level, you'll know right away that your advanced objectives are not a match.

Before we leave this topic, let's look once more at budget. A good way to avoid aiming too high or too low is to know exactly how much money you are able and willing to spend on the outsourced project. This is like shopping for a new car with a loan check in your hand. You go in, pick out the car, and make an offer because you know you have the money. The dealer either accepts or moves on. In the same way, you can avoid the "too high - too low" phenomenon in outsourcing by approaching a potential vendor with the exact amount in hand. You'll avoid the haggle and come away with an outsourcer and a program that is "just right" for you, your organization, and your training budget.

Lack of Evaluation

We've already discussed the fact that one of the most common reasons for outsourcing training is a "need it now" request from a stakeholder.

And anytime we need something right away, our emotions take over. So in that line, we've all fallen for a great sales pitch that promises to solve all of our problems at very little cost. But when it comes to outsourcing your training functions, going for the emotional reaction can cause problems in the present - and lead to big issues in the future. So the fourth mistake you can make in outsourcing training is to miss out on a thorough evaluation of your potential vendor. Here are some good ways to evaluate - and ensure that you are making a wise, educated, and non-emotional choice.

In this technological age, we do many things via Internet, email, and social media. Personally, we can buy cars, clothing, even houses online. But professionally, we must make the decision to choose a particular vendor in person. For that reason, you should ask for in-person meetings with any potential outsourcer. And depending on what function you're outsourcing, you should ask for a live demo. For example, if you are outsourcing training delivery, get a demo or at least a video of the trainers in action. If it's an LMS or technology of some kind, ask for a walk-through of the product - in person. Obviously it wouldn't be effective to try to obtain in-person contact with every organization you entertain, so narrow your selections down to a few and go from there.

When you are dealing with demos, also be sure to ask for samples, such as videos, training manuals, or online courses. Again, go a step further than the training department itself to evaluate the outsourcer. Try to obtain the involvement of your stakeholders. For example, you would probably want to show a sample audience the facilitation video. This way, you can determine if personalities and styles would mesh - or be completely repellant to each

other. For technological pieces, you can find out if the audience likes the look and feel and intuitiveness of the program before you outsource it. With this type of buy-in, you'll be sure to have all of your stakeholders on board when you make the final decision.

Just as you would hire a regular staff member with references, you should contract with an outsourcer with references, as well. Many vendors list happy clients on their websites. It's a great form of advertising for everyone involved. But this doesn't mean that the client didn't encounter difficulty with the outsourcer. Look for references from any potential training vendor - and contact the references. Ask them to be straightforward with their critique and to consider whatever is said as highly confidential. Any hesitation may warn you of potential problems with the vendor. After all, you are a professional who is accustomed to evaluation. Ask your potential outsourcer's clients what they liked best and least about the service. Ask them if they would change any aspects of the service. And be sure to ask them if management was accessible during the service period.

Another way to evaluate a potential outsourcer is to compare the organization to your own. You are looking for similarities in various elements, including vision, mission, and values. For example, if one of your organization's top values is exceptional service, look for an outsourcer who shares that value. If the goals, mission, and values of a potential outsourcer are a far swing from your own, then you may encounter problems down the road. But on the other hand, if it's all a match, you'll find that the common ground on vision and values is a great place to start building a relationship.

Finally, create a rubric for evaluation, especially if you will be asking executives or stakeholders

to help you evaluate. Again, this is something that training and development professionals do regularly, so you should have no trouble identifying what you want out of an outsourcer and creating a rating scale to go with it. With a more scientific evaluation like this, you'll be able to take the emotion out of the decision making process for everyone involved.

Spending Too Much or Going Cheap

We looked at the general aspects of aiming too high or too low when looking at outsourcing your training functions. One of the biggest elements of that particular mistake is financial, so let' discuss the financial pitfalls that can lead you to aim too high or too low. These financial mistakes can also lead you into getting something you really didn't want or paying too much money for what you really needed.

Examining a contract is something that cannot be underemphasized. Outsourcers may charge "a la carte" for some items, especially in a technology-oriented transaction. For example, if you are outsourcing the design and development of an LMS, read the small print and be sure you know what you're getting. But don't automatically assume that the fault lies with the outsourcer - you should know exactly what you need and are going to need down the road before you sign on the dotted line.

On the other hand, an outsourcer who knows you have no idea what you really need may go for the "upsell". With an upsell, you're probably going to end up taking a package that may be too much or may have the "bells and whistles" you don't need or want. Again, the best way to be prepared for this problem is to perform a thorough needs analysis before you even begin entertaining outsource providers.

There is a fine line to guarding against paying too much - you can also end up trying to pay too little. If we use the example of an outsourced LMS, we'll find that going for the least expensive version right away can be a mistake. Consider the kind of growth the organization may see. Think about how that growth will impact your e-learning program and the overall technology system at your organization. Also, consider if there are courses out there that you don't need now - but may need in the future. Plan your traffic in one year, two years, and five years. The same structure goes for design, development, or delivery outsourcers. Let's say you're just starting a leadership program. Do you plan to expand the program or is it just a "tryout"? If you're looking to expand, what will the need be at this time next year?

Budgeting is another issue that you'll want to deal with in order to avoid the financial high or low. We've also discussed the issues we face with budgets, such as low budgets and "use it or lose it" budgets. But let's look more closely at this issue, as well. Reconsider the upsell. Again, this is not necessarily a bad thing or a bad intention on the part of the outsource provider. Sometimes it's just that you want to spend the money on that one product or service. But here's a good way to avoid the financial high - or low - when it comes to budgeting. Look at your budget. Take a percentage away from it, such as 10 or 20 percent. Spend what's left. This way, you'll be able to guard against the upsell and make choices for the elements of the product or service that you truly need.

Finally, try not to let an outsourcer convince you that you need a certain element, product, or service. If an outsourcer comes to you with

suggestions about things that you may need, don't attempt to make the decision on your own. This is the time where going back to your stakeholders, executives, and target audience will be helpful. You've conducted a needs analysis, but you may have missed something. Or the outsource provider may be trying to make your life a little easier. Whatever the reason, go back to your group and make the decision together. This way, if spending money is at stake, you'll be sure to do it with backup and with the knowledge that you've tested the idea.

Be on guard when you're dealing with finances and outsourcing. Be sure you know what you need, make decisions as a group, but be receptive to the outsource provider. When you've taken these steps, you can be assured that your budget is "just right".

Outsourcing Without a Proper Needs Analysis

The sixth mistake you can make when outsourcing training is to go ahead without a proper needs analysis. Granted, the outsourcing group you choose, whether they are developers, instructors, or technology related, will most likely conduct a needs analysis as part of their work. But just as you would not begin a program that is conducted in-house without a needs analysis, neither should you attempt to outsource without that needs analysis. Let's look at some ways to conduct a proper needs analysis when the eventual outcome will be the outsourcing of your training functions. And, you'll probably notice, the needs analysis you conduct should be just as thorough as the one you would conduct if your own group were doing the work.

First, you must question what the desired outcome will be - in general. For example, do you need to have a new course developed and delivered or simply designed and packaged? Is delivery a one time thing or is it going to continue over a certain amount of time - or indefinitely? Once you have decided the general outcome, move to the specific. What does the audience need to be able to do once the training intervention has occurred? Do they need to sell a new product, run a new machine, increase sales, or increase customer service levels? In fact, as we've discussed previously, one of the best ways to prepare for outsourcing is to write the objectives yourself, after you've discussed the training with your stakeholders, executive sponsors, and target audience. The objection to going this far with a needs analysis before outsourcing is reasonable: why do all of that work if we're going to pay them to get it done anyway? The answer is simple: you'll save money and time in the long run if you at least roughly sketch out what you want to accomplish. Keep that in mind as you move forward.

But what if you're outsourcing an LMS or a technical piece of your training organization? It may be difficult to know just what it is you're looking for, especially if the organization is new to the technology. To overcome this, first look at your pre-planning as a "wish list". What would you want the system to do in the perfect world? Is it simply for delivery of e-learning or would you want it to track grades, completions, and learning plans, as well? Also, conduct some benchmarking research. Find out if any organizations like yours have moved in the direction you're moving in - and contact the training organization. You can also use potential outsourcer's client lists to conduct some benchmark studies. You want to discover what the organization looked like before, during, and

after the transition to the new technology.

Another needs analysis element is to find out what the target audience or end users expect to achieve. You can conduct a quick survey to find out what's on their minds - and what they want out of an outsourced training program. Along these lines, you may want to do the same for stakeholders and executive sponsors. Discover what they are looking for, especially if they are the ones who control the money.

Finally, here's a reminder that our own groups are not as fantastic as we always wish they were. In that respect, think about the "material defects" you may need to tell your outsourcer about. For example, are there issues with budget, technology, or use of technology in your organization? Is the target audience going to be resentful that someone from "outside" is coming in to train them? Are there problems with facilities - or a lack of facilities? The outsourcer will thank you for letting them know up front about material defects. They will also be able to build their program effectively knowing that these problems exist.

Remember that needs analysis is just as important even if you're considering outsourcing. You can be assured that you'll know exactly what you're looking for - and your outsource provider will be prepared for delivery regardless of the situation.

Lack of Communication

Now that you've hired your outsource provider, you must still nurture the relationship. It's not simply a situation of hiring the provider and letting them go at the project. If you let communication between you, the outsourcer, and your stakeholders slip, the entire project

will be at risk. Communication is the key, so a lack of communication is outsourcing mistake number seven. Let's look at how to avoid this problem.

The first step is to create a schedule and a format for update meetings, both in person and virtual. Obviously the type of project and the proximity of your outsource provider will have quite a bit to do with how you carry out this step. The format should be fairly rigid to ensure that everyone gets to communicate about the issues facing the project at the time. With that in mind, create a standing agenda with fixed items so that all parties can prepare for the meetings ahead of time. The best update meetings occur in person. So even if there is a physical distance between your group and the outsource provider, try to conduct videoconferences at least once a month, if not more often. Being able to see the faces involved is a great way to keep the relationship moving in a positive direction.

Next, be sure that a project plan has been created and agreed upon. This may sound elementary, especially if you are the type of training manager who truly manages projects. But many training outsourcing projects go awry because either the outsourcer creates their own project plan or the group that is "hosting" the outsourcing doesn't care. Don't fall into this trap. And don't believe that you do not have a right to be involved in the planning of your own outsourced training project. But above all of this, be sure that your outsource provider is communicating with you regarding the plan. In fact, on your standing agenda, you should add a line item specifically relating to the project plan.

On your side of the project, keep your stakeholders, executive sponsors, and target audience in the loop, as well. This doesn't necessarily mean that you should have them involved in the regular meetings with the outsource provider, but it does mean that you should have regular communication about what is going on. If your group can handle the added responsibility, go ahead and put them on the regular project meetings. Or, at the very least, put a representative from each group on the regular meetings. With this in place, everyone involved can see where the project is and ask questions that are relevant to their understanding of the project.

Again, if you are a project manager at heart, this next step may seem elementary. But keep in mind that sometimes training and development professionals leave out the project management. Be sure to have an accessible log that both your group and the outsource provider can view, edit, and add to. The log should address the items that are brought up in your regular meetings, as well as items that come up in between those meetings. The log should detail issues, resolutions with those issues, and potential problems that are coming down the road. There should also be a space for comments to ensure that everyone has a chance to say what they need to say. Do use caution in how many people are allowed access. It's a good idea to hold access to key members of all the teams. Too many people will simply cause additional and unnecessary confusion.

Allow your outsource provider to be part of your "open door" policy. The outsourcer should feel comfortable calling you up or dropping by your office in order to discuss issues as they come up. Just because you are outsourcing does not mean that you should hide your management style from the provider. Give

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them the "heads up" that it's perfectly acceptable to approach you with problems, issues, and suggestions. This simple step can do wonders for the outsourcing relationship - and may even ensure that it continues to grow in the future.

We've discussed seven outsourcing mistakes. If you watch for these mistakes and take the steps we've mentioned to avoid them, your outsourcing project will be successful - and you may have the added benefit of finding a long-term strategic partner.

Bryant Nielson – Strategic Alliance & Acquisitions Director at Financial Training Solutions a division of CapitalWave Inc – offers 20+ years of training and talent management for executives, business owners, and top performing sales executives in taking the leap from the ordinary to extraordinary. Bryant is a trainer, business & leadership coach, and strategic planner for many sales organizations. Bryant's 27 year business career has been based on his results-oriented style of empowering.

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Blended learning is the philosophy on which the company was founded. Our training methodology, integrating theory with practice using our own very powerful training tools, creates a uniquely exciting and effective learning environment. The result pays immediate dividends in the retention of newly-learned concepts and their practical application in the financial marketplace.

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