



CORPORATE LEARNING PREDICTIONS,
OBSERVATIONS, & TRENDS

ENTERPRISE LEARNING 2019 ANNUAL REPORT



A LOOK AHEAD

Converging Trends Are Changing the Future of Work and L&D

Technology, competition, social change and industry diversification are impacting corporate learning . When juxtaposed against an extremely competitive labor market, growing skills gaps and corporate culture shifts, today's leaders are seeking ways to adapt fast and scale even faster.

Setting the Stage:

39%

L&D respondents have a high level of **concern about their organizations' current level of technical and interpersonal skills.**

52%

L&D leaders state that **Digital Upskilling is their highest priority for 2019.**

35%

Respondents have a proactive plan for handling major organizational events (e.g., M&A, technology changes, market shifts) that could affect the employee knowledge set in 2019.

Our fifth annual report leverages feedback from over 200 senior and C-level executives, departmental business leaders and learning and development professionals. **This year, we explore how these leaders will navigate the changing landscape in the following areas:**

Where and how L&D resources are being deployed:

- New and changing corporate learning investments
- Strategies & metrics for achieving performance goals
- Identifying organizational challenges and opportunities
- Closing communication, skills and perception gaps

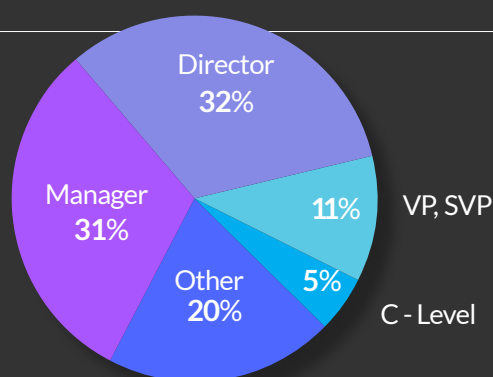
But before we launch into a more detailed exploration of the emerging trends, let's take a quick look at how the survey was set up, who responded and the types of companies represented.

SURVEY LOGISTICS

This report summarizes the results of a survey of over 200 senior professionals from the fields of Learning and Development, Human Capital, Talent Management, Business Transformation, Product and Operations Management, IT, Finance, Sales and Marketing. All of these professionals are stakeholders in the implementation of corporate learning initiatives for their respective organizations.

Respondent Roles

- Director **32%**
- Manager **31%**
- SVP or VP **11%**
- C - Level **5%**
- Other **20%**



Survey Participants

- Decision Maker **39%**
- Influencer **37%**
- Contributor **24%**



Company Size

- < 5,000 Employees **54%**
- > 5,000 Employees **46%**



LET'S START WITH SOME BENCHMARKS

The following stats from our report point to the underlying business issues and opportunities behind 2019 trends.

Is Good, Good Enough?

There's opportunity to improve effectiveness of current learning programs:



Managing Resources with Outside Help

The participating companies handle L&D within their organization primarily by:

Look for **NEW**
Learning Svc.
Providers

9%

EXTERNAL
Learning Svc.
Providers

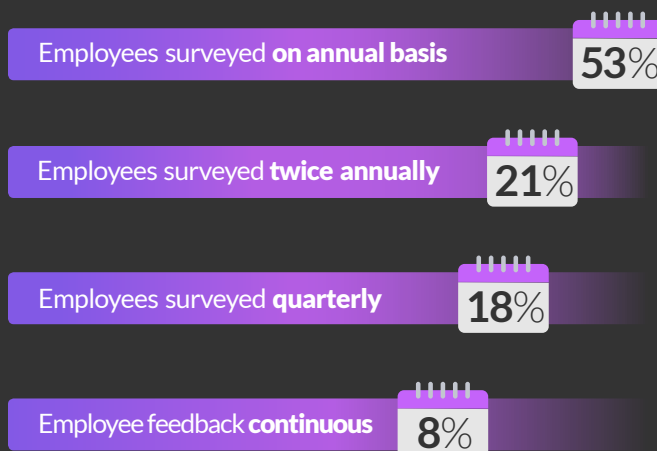
49%

In-House
Services

43%

Continuous Feedback: More Theory Than Practice

How often are employees being surveyed about the types of training and tools they find most valuable/engaging?



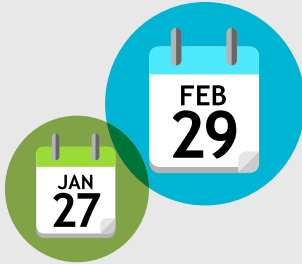
EMPLOYEES VALUE LEARNING

Outside of salary,
and regardless of age,
TRAINING & DEVELOPMENT
IS RATED THE MOST
IMPORTANT CONSIDERATION
when taking on a new job.

BENCHMARKS CONT'D.

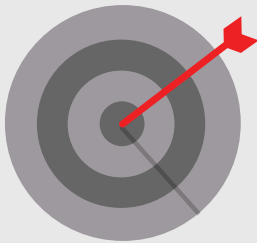
THREE BIG OPPORTUNITY GAPS

1. Aligning Timelines



The majority of L&D departments roll out new employee policies and processes training annually (44%) or quarterly (28%). But in an employee workplace trends survey of 600+ employees, changes are much more frequent. Nearly half (49%) of employees are seeing new policies and procedures monthly.

2. Persistent Silos



This ties to the next opportunity gap: Cross-departmental team meetings with line-of-business leaders centered around training, employee development and skills building are generally rare (annual) in most companies. L&D is not necessarily plugged into the weekly or monthly initiatives of each department and is therefore not the central hub for deploying new learning around policies and procedures.

3. Tapping into Feedback



Pair these gaps with a trend we're seeing on leveraging employee feedback – only 8% of companies have a true, continuous feedback model wherein insights are collected and shared weekly or monthly for integration into learning programs.

Gathering and integrating feedback gaps suggests that investment in collaboration should be higher on the priorities' list in the year ahead and beyond (currently ranked #7).



“VUCA isn’t something to be solved;
it simply is.

VUCA is a condition that calls
for questions — lots of them.

Challenging questions that stimulate
differing views and debate.

Open-ended questions that fuel imagination.

Analytical questions that distinguish
what you think from what you know.

Agility is critical because strategic
adjustments must be made continually.”

Eric J. McNulty

Director of Research, Nat'l. Preparedness Leadership Initiative

SETTING THE STAGE

In our annual review, we found that nearly 4 out of 10 stakeholders involved in the implementation of corporate learning initiatives are extremely concerned about the current level of technical and interpersonal skills within their organizations.

For 2019, 36% of companies indicate that they have a proactive learning plan in place for handling major change events. While this is an increase from 2018 when less than 30% of companies had such a plan, more than one-third of stakeholders are unsure if their companies even have such a plan. When combined with the 31% of companies that do not have a learning plan in place, the high level of uncertainty indicates a major opportunity for companies to effectively address major change events within their organizations.

L&D Leaders' Top Priorities 2019

Given high levels of concern, it is not surprising that for the first time in five years, 2019 Priorities have shifted:

PRIORITY #1: ENGAGE, MOTIVATE & RETAIN EMPLOYEES

PRIORITY #2: DEVELOP EMPLOYEES' SOFT SKILLS through leadership training, coaching and effective onboard practices.

Note: In the previous four years, Development of Employees' Soft Skills had been PRIORITY #1.

PRIORITY #3: CHANGE MANAGEMENT

PRIORITY #4: CULTURAL TRANSFORMATION

NEW PRIORITIES

As companies prepare for future needs and trends in Learning and Development, they plan to hone in on four key areas:

- **Re-map** career paths/journeys/succession plans
- **Digital upskilling** – enabling employees through technology
- **Content curation & personalization** – richer content development and experiences
- **Increased engagement** – storytelling, sentiment, analysis, marketing strategy

As a high priority, these four areas will play an essential role in the future success of the organization. As companies seek to address succession planning, upskilling, personalized content and increased engagement, roles and responsibilities are changing.

L&D's mandate is evolving in 2019. Respondents are seeing a significant increase in focus and responsibility in five key areas:



As organizations build strategies to address the changing labor market, the role of L&D is essential to developing a more-engaged workforce, armed with the right skills and a robust feedback infrastructure that captures and responds to the needs of employees.

ENGAGEMENT = RETENTION

According to Gallup, companies with highly engaged workforces outperform their peers by 147%. Gallup also concluded that 87% of employees worldwide are not engaged. In fact, prioritizing engagement as companies plan to do in 2019, can help lower turnover and increase retention in the competitive marketplace.

L&D initiatives play an important role in generating engagement.

As we found in our employee workplace trends study of over 600 workers, **30% of employees state that training and development are as equally important as personal benefits** (i.e., healthcare, vacation, etc.) when considering a new job.



As companies prioritize their resources around engagement,

it is notable that they are infrequently measuring engagement in a qualitative fashion. As mentioned previously, 53% of companies are surveying employees annually. Companies are also rolling out new learning and development technology and employee policies on an annual basis. The lag between measurement and L&D implementation could threaten support for future L&D engagement initiatives.





“[Surveys are] a good start, but with today's technologies we're able to do more.

We will start applying all the lessons we've learned in consumer sentiment analysis to employee sentiment analysis.

We're not doing it with email and social connections very heavily yet, but that kind of mindset will emerge over the next few years, and it will become a key factor in the new measurement techniques of employee engagement.”

Yvette Cameron

Research Director for Human Capital
Management Technologies, Gartner

SPENDING TRENDS:

MODIFYING INVESTMENT STRATEGIES

Now that we've covered the strategic priorities for employee learning programs, let's dive into where companies plan to spend their 2019 dollars. Over half of the companies surveyed indicated that they plan to maintain their 2018 funding levels for L&D programs. Across the board, companies that intend to change the spending levels for their L&D programs are primarily expecting to increase spending rather than cut funds in 2019.

For 2019, Companies' Top Four Spending Priorities:



Companies are still allocating funds toward the following initiatives, but at a lesser rate:



While Engagement and retention of employees is the top strategic priority for companies for the year ahead, it is notable that retention initiatives are not among the top initiatives for increased investment.

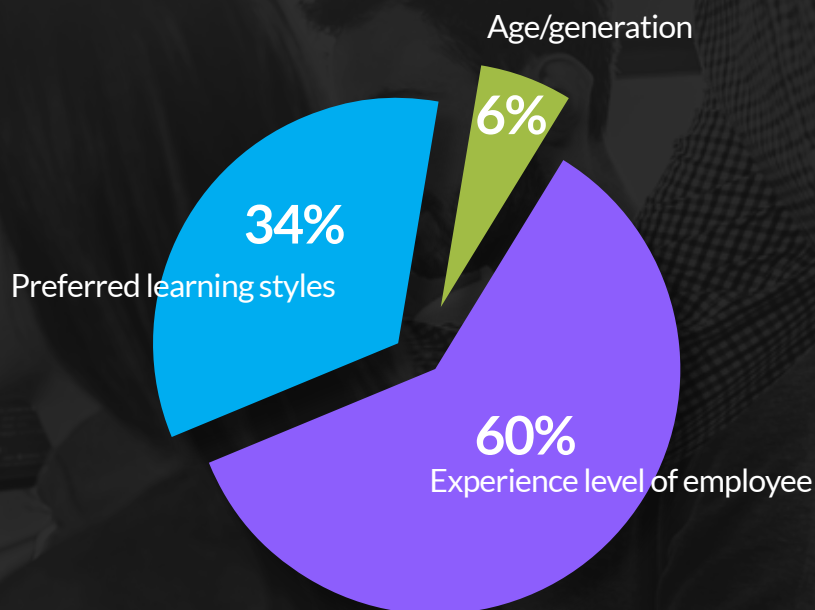
SPENDING TREND #1: MORE PERSONALIZED PROGRAMS

52% of L&D leaders rated Content curation & personalization for richer content development and experiences a high priority. How are they prioritizing this effort?

How are they prioritizing this effort?

1. Customer Service/Support/Loyalty
2. Learning / Talent / HR
3. Executive Management Team
4. Sales and Marketing
5. Operations/Manufacturing
6. IT/Technology/Security
7. Field Service

For 2019, companies plan to tailor their L&D programs by:



SPENDING TREND #2: WIDENING GAP BETWEEN DIGITAL & TRADITIONAL FORMATS

Digital formats will get more funding in 2019, continuing the trend on increased digital spending, while traditional formats experience a decrease.

Mobile, video and microlearning lead the way for spending growth, with mobile seeing the largest projected increase over the prior year.



72% MOBILE



60% MICRO-LEARNING



59% VIDEO

What about AR technology?

Augmented reality (AR) continues to have a limited audience in 2019 L&D programs.

70% of companies say that they have no plans to incorporate AR into their L&D programs.

While, 5% of companies currently use AR as a delivery format.

What Employees Say

As companies continue to invest heavily in digital formats, the question arises as to whether digital provides the most engaging platform. In our employee workplace trends survey, employees identified instructor-led training as the most engaging format – ahead of all digital formats.



**31% INSTRUCTOR
LED TRAINING**



**27% GROUP/
SIMULATION TRAINING**



**59% VIDEO
TRAINING**

Future investment changes should consider the delivery mechanism that employees find most engaging, as the L&D program is only successful if employees engage with the content.

EMPLOYEES' VIEW OF LEARNING & DEVELOPMENT

As companies strategize their L&D priorities and reconfigure their investments, the opportunity arises for better communication with employees. This coming year, companies plan to prioritize engagement/retention and soft skills, which is similar to the past several years. Yet, employees say that they see a slightly different approach. The employee survey found that most workers see their companies emphasizing:

- Improving technology training**31%**
- Rolling out new technology training**30%**
- Soft skills (time management, leadership)**26%**

What companies are emphasizing and what employees would like to be offered through L&D programs also differs slightly. Employees would most like their employer to offer leadership training (29%) and training on new and emerging technology (29%).

More fast facts from employees:

1. Outside of salary, and regardless of age, Training & Development is the most important consideration when taking a new job. And, in the retail industry, learning is equally important to Salary.
2. Nearly 40% of Telco employees state that they are on their own when it comes to learning new technical skills; and across all industries, an average of 27% of employees feel that must seek out and gain these skills on their own.
3. L&D is committing 28% more of its resources in 2019 to Engagement and Soft skills, which is good news because Leadership training is top of mind with employees across industries. However, retail workers are looking for a slightly different set of soft skills training in the form of problem solving.
4. 37% of all employees find instructor-led training to be the most engaging; however, only 13% of L&D leaders plan to increase investment in that area and 22% plan to reduce this effort.

FACING CHALLENGES

As companies address their 2019 L&D initiatives, they face many internal challenges. As in years' past, budgetary issues and cultivating a culture of buy-in are seen as obstacles to the successful adoption of L&D programs.

And, while the development of engaging content to support a more-robust learning culture is seen as a massive opportunity, limited resources and internal tech skills are holding teams back.

The key challenges mentioned by stakeholders include:

- Limited resources (time, budget, money, staff)
- Cultural buy-in (leadership, management, employee)
- Technological issues (implementation, platform, pace of change)
- Engaging training
- Addressing a geographically diverse workforce (remote workers, disperse teams)



“Technology has had a tremendous impact on L&D.

In nearly two-fifths of companies, the L&D team believe they do not have the technology to coordinate learning globally.”

———— Penny Asher ————

Director of Exec. Education,
Open University Business School

Respondents sound off on their single greatest challenges:

"Showing the application of learning on the job and linking results to our bottom line business results"

"Creating programs to engage all the different generations of incoming employee hires"

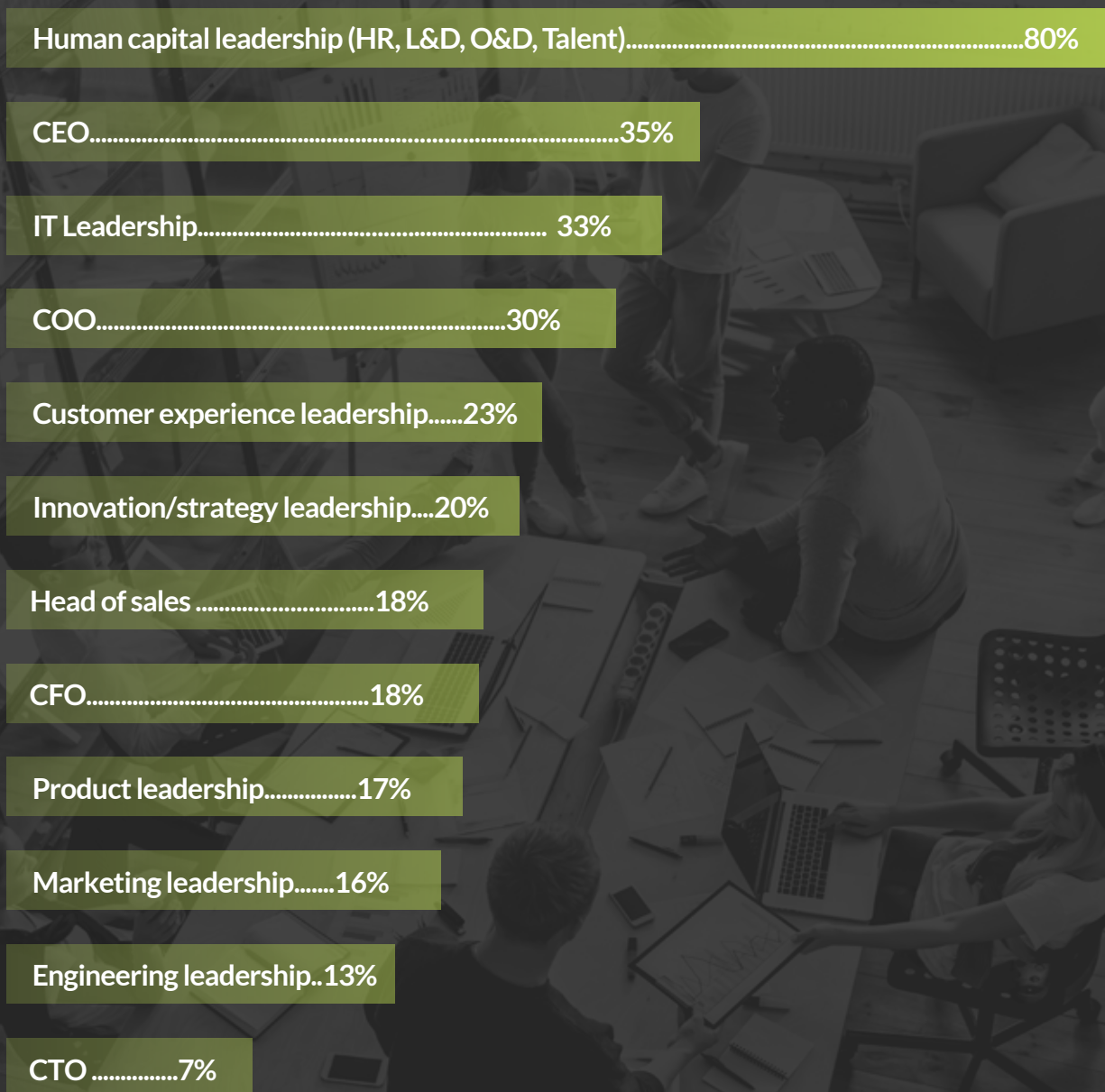
"Scaling training globally in a way that remains engaging (or as close to engaging as live facilitation, which our employees prefer over online learning)"

"Maintaining key supportive executive relationships during continuous leadership re-organizations."

"Managing large groups with less resources (not enough resources for personal touches needed for knowledge retention)"

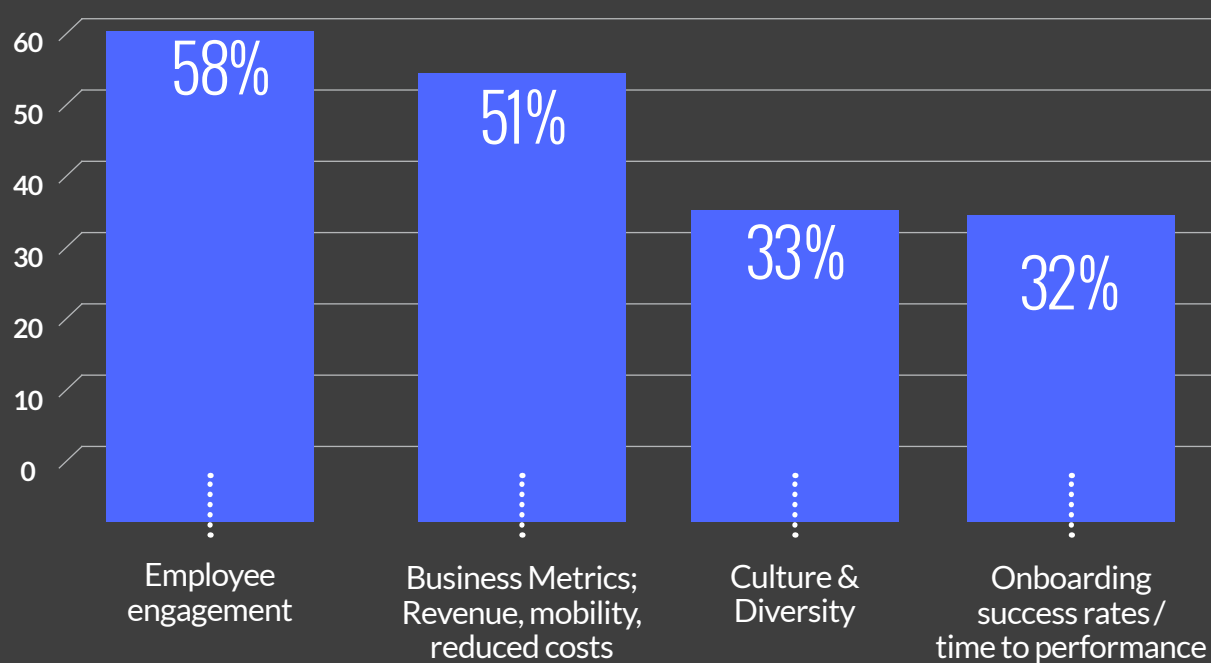
WHO CULTIVATES BUY-IN?

Within complex global organizations it is sometimes difficult to figure out which stakeholders can help cultivate the buy-in necessary to create a successful learning strategy. Based on our survey, the following showcases a list of current key stakeholders and their level of involvement in the decision-making process for 2019 learning programs.



WHAT DETERMINES SUCCESS?

Similar to prior years, companies determine the effectiveness or ROI of learning programs primarily based on a combination of employee-driven metrics and business performance metrics. The four metrics rated as being the most important to senior leadership teams are:



While other metrics such as certificate completion rates, adoption rates, and retention rates vs. cost-to-hire play a role in determining the effectiveness of a program, they are not considered to be among the most important metrics.

Companies continue to rely on qualitative feedback around how employees feel about their work, the climate of the workplace and the financial success of the company (business metrics) to determine the success of learning initiatives.

However, increasingly the culture and diversity of the workplace is becoming an important metric to use when measuring success. This metric moved up to the third spot in 2019 from fourth in 2018.

MAJOR SHIFTS IN THE L&D LANDSCAPE

The data collected over the past five years provide some insights into year-over-year trends. Below are some of the biggest shifts.

- For the first time in five years, employee engagement surpassed the development of soft skills as the primary strategy of corporate learning initiatives.
- Companies continue to tailor their learning programs by experience level rather than by learning style or age/generation.
- Technology-based, digital learning channels and formats continue to experience increased investment. Mobile learning will see the largest increase in funding this year, followed by video, micro-learning and social media. However, work remains to make them more engaging and effective delivery platforms.
- Instructor-led learning continues to be the big loser when it comes to company investment. However, employees find this type of learning the most engaging. This trend points to new opportunities to combine coaching and a human-centric approach with technology.
- Cross-departmental team meetings centered around learning initiatives are generally rare. Over 70% of respondents sync up with line of business leaders for special occasions only, annually or quarterly. Yet, 49% of employees state that the cadence of change in the workplace is monthly. This gap presents an opportunity to create synergy across departments.
- Success is measured primarily by engagement and business metrics. However, culture and diversity are gaining importance.
- While there was some improvement in how companies address change at the macro level (up to 36% from 30% last year), most stakeholders are either uncertain whether a program exists or know that there is no program in place to facilitate proactive learning for handling major events.



“We are experiencing a fundamental shift that will affect every L&D department. Tighter margins and the increasing expectations of candidates and employees mean there has never been such pressure to get it right; those that do so, stand to make great global gains.”

— Penny Asher —

Director of Executive Education,
Open University Business School.



WHY CGS?

CUSTOM CORPORATE LEARNING SOLUTIONS

The CGS Enterprise Learning group designs highly effective custom eLearning content, tech-forward engagement programs that include AR, VR and gamifications, globally-delivered instructor-led training, blended learning courses and learning staff augmentation solutions. We craft innovative solutions that are essential to scaling your people, processes and performance.

Our expert team is comprised of award-winning designers, authored program managers and forward-looking corporate learning strategists. Together, we've developed over 3,500 custom learning courses on topics ranging from corporate compliance training and employee onboarding to leadership development.

It's this level of expert knowledge, a practical on-the-job approach, and creative vision, along with a relentless "Can-Do" attitude, that instills confidence in our clients. Whatever the learning need may be, CGS designs a solution that engages learners and delivers results.

95%

95% of customers return to CGS for additional learning solutions

1,000,000

Supported 1m+ learners in 2018 alone

9+ YEARS

Customer partnerships in excess of 9 years

Engage. Enlighten. Empower.
Instilling Fundamental Knowledge