



ENTERPRISE LEARNING 2018 ANNUAL REPORT

CORPORATE LEARNING
PREDICTIONS,
OBSERVATIONS & TRENDS



Change,
change, and
more change
to come.



This is the overwhelming theme of our fourth annual Learning Trends report.

Whether the issue is accelerating technological developments, demographic change, disruption, competition or new methods of measuring success, today's corporate learning professionals are racing to keep pace with the relentless speed of change.

And, when you factor in the ever-growing uptick in mergers and acquisitions, against which these changes are taking place, the challenges facing today's learning and development (L&D) leadership only loom larger.

That's the backdrop against which our survey — of a broad range of senior and C-level executives, departmental business leaders, and learning and development professionals — took place this year.



2018 SURVEY INSIGHTS

What follows are insights from these thought leaders about the state of corporate learning for 2018 and beyond:

- Where businesses are focusing their learning resources
- Where they expect to increase/decrease spending in coming year
- How that change in spend aligns with their business goals
- What their biggest challenges will be for 2018
- How they will assess the success of their learning programs
- Which L&D formats businesses are relying on to achieve their organizational performance goals
- How all of these elements will be affected by the increasing generational and cultural diversity in the workplace and elsewhere.

But before we get to all of that, and the various emerging trends, let's turn to an overview of how the survey was set up in terms of the people who participated and the companies represented.

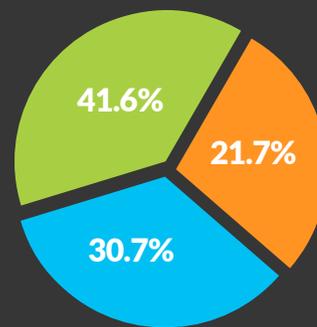
SURVEY LOGISTICS

This annual survey incorporates the qualitative and quantitative responses 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, and more.

While all affect and are affected by their businesses' learning programs in different ways, they also have a hand in shaping and implementing their organizations' corporate learning initiatives.

Survey Participants:

- **Decision makers****41.6%**
- **Influencers**.....**30.7%**
- **Contributors**.....**21.7%**



In terms of size, participating organizations were almost equally split between companies:

Mid-Market..... **49.4%**
up to 5,000 Employees

Large to Enterprise**50.6%**
5,000 - 8,000 Employees

How participating companies handled L&D in their organizations ranged from those doing everything in-house (37.6%) to those already using an external learning service provider (48.4%) to those planning to look for a new vendor in 2018 (14%).

STRATEGIC PRIORITIES

Times are changing. From the executive point of view, 72% of CEOs from high-performing companies believe that the next three years will be more critical for their industry than in the last 50 years. And more than 80% of HR and talent management professionals agree that their organizations are in a constant state of change.

Q: How does the transforming business environment impact priorities in corporate learning strategies?

TOP FOCUS AREAS: 2018 L&D RESOURCES

- 1. SOFT SKILLS**
up from '17
 - 2. ENGAGE, RETAIN, MOTIVATE EMPLOYEES**
up from '17
 - 3. Change Management**
down from '17
 - 4. Cultural Transformation**
down from '17
- 

CGS's 2018 survey finds that for the fourth-consecutive year developing employees' soft skills (through leadership training, coaching and effective onboarding practices) is the area to which companies are committing the most L&D resources.

Also, similar to 2017's results, engaging, retaining and motivating employees; and managing change rounded out the Top 3 priorities. However, despite the changing work environment, the percentage of participants highly ranking both change management and cultural transformation went down.

In 2017, 43% of companies revealed that they had a proactive learning plan in place for handling major change events. In 2018, that number decreased to less than 30%.

Companies' increased focus on improving employees' soft skills and engagement indicates a greater emphasis on bridging communication skills across geographies and generations, developing talent from within and closing the skills gap.

SOFT SKILLS: THE KEY TO A COHESIVE MULTI-GENERATIONAL WORKPLACE

Developing employees' soft skills remained the top response when asked: Where companies plan to commit the most L&D resources in the coming year.

This focus on soft skills has become especially important as Baby Boomers put off retirement just as more Generation Z employees (age 18-22) are coming on board. Factoring in Generation X and Millennial workers means that today's L&D teams must address the learning preferences and needs of four different generations at the same time.

But don't assume that because Gen Z are digital natives and Boomers have had more exposure to ILT that there are set technology preferences. To complement this year's Trends survey, we conducted research of more than 3,800 employed consumers, to address their training preferences.

LEARNING PREFERENCES by Generation

- **1 of 3 employees across most generations** give ILT the highest engagement rating. The outlier is Gen Z; they value simulations as the highest engagement rating.
- **Employees age 45-54** find video training twice as engaging as Gen Z.
- **Baby Boomers** are most interested in access to Technical training.
- **Millennials** are most interested in access to Leadership training.
- **Gen-X s** is almost equally split between wanting more access to Leadership Training and Technical Skills Building.

The biggest gap in learning needs across generations: the organizational feedback loop. Work requirements and assignments are changing constantly but 51% of employees are receiving performance feedback from managers 4 times or less annually; 25% say "not at all."

The Big Takeaway:

L&D teams are now expected to provide content in multiple formats and make it easy for each generation to access the learning they need in the way that works best for them.



KEEPING EMPLOYEES ENGAGED

"Employees who are 'engaged and thriving' are 59% less likely to look for a job with a different organization in the next 12 months." Gallup Research Report led by Nobel Prize winners and Gallup senior scientists Daniel Kahneman, Ph.D., and Angus Deaton, Ph.D.

Employee engagement is an essential learning metric because proactive strategies can be built into employee programs based on existing benchmarks to reduce the cost of turnover.

When asked where L&D professionals planned to commit team resources in 2018, employee engagement was the second most popular, down from being the number one choice in 2017.

One way in which L&D professionals are doing more to get employees excited and engaged with the business roadmap, and their place within it, is by providing personalized and curated content.



“Curation has come into the role of the learning professional in that you may not be creating content yourself, or leading the creation of content and tracks and curriculum, but facilitating the curation, and the collaborative creation of new content by internal employees and peers helping each other and understanding what assets are out in the marketplace that are popular and impactful and available to the workforce.”¹

Christa Manning,
VP Solution Provider Research,
Bersin, Deloitte Consulting LLP



“We live in a time of important technological change and it’s going to be important to continuously train people.

Whereas two or three decades ago, people would go to school and that would serve them through their careers; that’s not going to be the case any longer.”

Sundar Pichai,
CEO, Google

A DIFFERENT APPROACH TO CHANGE

As in 2017, this year's survey shows that company leadership and L&D professionals still put a lot of thought into change management. It's the third most common response to the question about where companies plan to commit L&D resources in 2018. However, while 43% of companies said last year that they had a proactive plan in place for handling major events that could affect their business in the coming year, that number dropped to 28.7% in this year's survey.

On the Bright Side, this de-emphasis on change management may indicate that a shift toward continuous improvement has become ingrained in the learning culture in increasing numbers of companies. This possibility dovetails with Millennial and younger employees' interest in continuing skills development throughout their career and a willingness to move on from employers that don't provide that development.

A word of caution, however: In today's environment of increased mergers and acquisitions (M&A), disruption, new tech and new players, this decreased focus on change management may make companies less able to adapt to potential market shifts.

“This was the third year in a row
with more than 50,000 M&A deals
announced worldwide according to
Thomson Reuters — a record run.

Prior to this, only 2007- 08 saw as many deals in one year, and before that the single-year peak in 2000 experienced “just” over 40,000 deals. In the last eleven years, there have been over 500,000 M&A deals — more than in any period in recent history.”²

SPENDING TRENDS: INVESTMENT CHANGES

Now that we've seen how companies plan to prioritize their L&D team resources for 2018, let's take a look at how L&D investments will change in the coming year. Compared with our 2017 results, there are some important shifts in spending that mirror the strategic priorities.

Leadership and Coaching remains the top spending priority, while adopting new learning tools to better engage/educate employees moves up to the number two slot and a focus on the bottom line effectiveness of L&D programs rises to the number three position. In contrast, spending around Culture Transformation, straight Retention Initiatives and Ensuring new process/product adoption (change management) have moved to the bottom of the list in terms of spending importance.

Q: How will your investments change in 2018 ?



INCREASE SPEND

- Leadership & coaching (soft skills)**47.80%**
- Adopt new learning tools & tech. (engagement)**40.76%**
- Track, measure business impact (analytics)**37.60%**



MAINTAIN / DECREASE SPEND

- Developing programs to inspire & motivate employees
- Onboarding and skills development programs
- Transforming your culture
- Retention initiatives
- Ensuring new processes, products are adopted

NEW SPENDING TREND: MORE EMPLOYEE CHOICE/CONTROL IN LEARNING

As employees place more importance on ongoing professional development, **L&D teams need to make sure that employees not only have access to the learning resources they need to enhance their skills, but also that these resources are available in formats that employees prefer.**

Perhaps this is why the bulk of L&D budgets will be allocated to developing talent at the employee, management and executive levels. It's also likely why over 80% of respondents in our survey agreed, somewhat agreed or highly agreed that curation and personalization are priorities for their corporate learning programs.

This becomes particularly important when supporting Millennial and Gen Z employees who want more of a say in their career path and development.

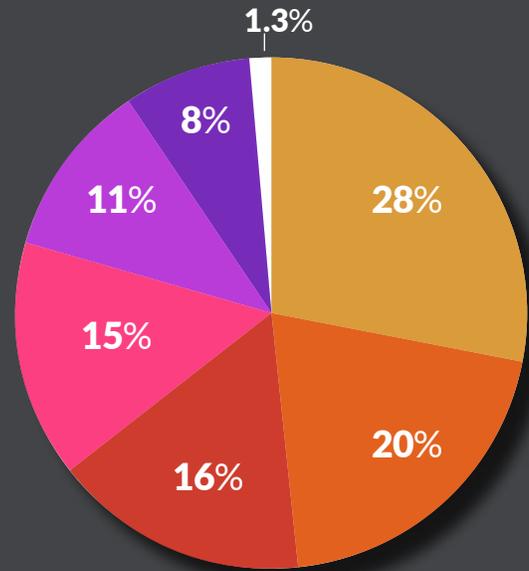
L&D professionals are addressing this need for personalization by providing access to learning resources that are more “bite-sized” and can be accessed and digested quickly with available technology. This also helps address a key concern among learning experts that today's employees have shorter attention spans and do not benefit from longer, more traditional learning content.



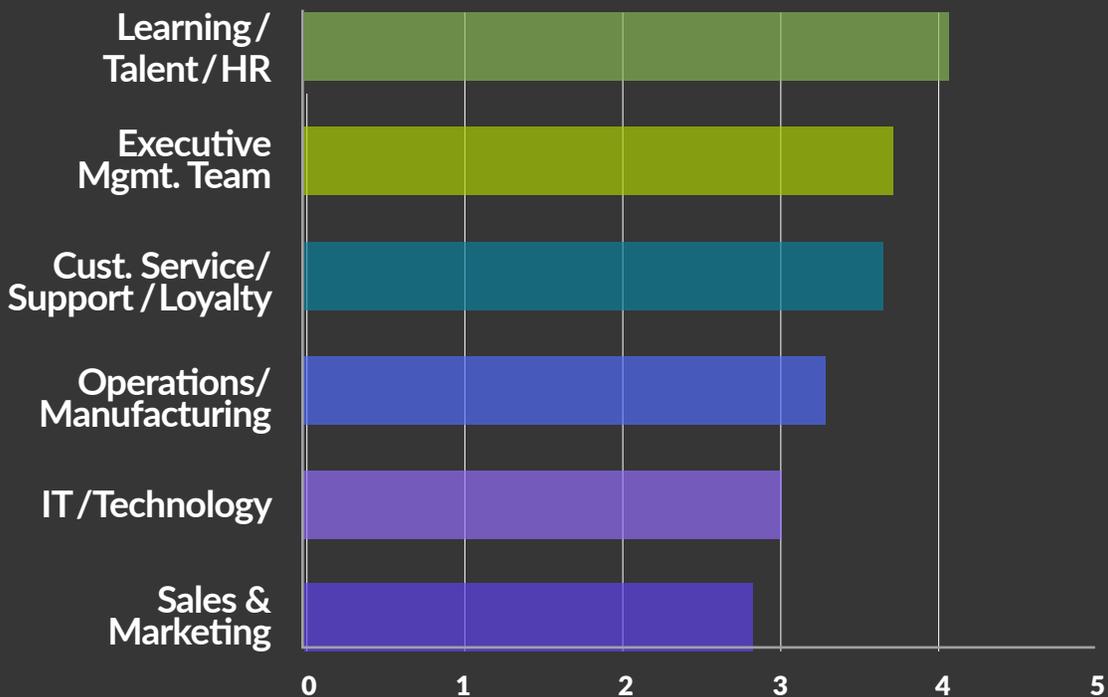
L&D BUDGET: STRATEGIC FOCUS

L&D Budget Allocation by Department/Division

Learning/Talent/HR.....	28%
Exec. Mgmt. Team	20%
Cust. Svc./Support/Loyalty	16%
Operations / Mfg.....	15%
Sales & Marketing	11%
IT/Technology	8%
Product /Engineering	1.3%



2018 L&D Resource Funding by Line of Business Priority Ranked



CONTINUING SPENDING TREND: DIGITAL AND TRADITIONAL FORMATS

Similar to last year, the formats that experienced the greatest increases in investment were all technology-based. With video, mobile and microlearning comprising the top three.

Formats Projected to Increase Use in 2018

VIDEO **70%**.....

MOBILE **66%**.....

MICROLEARNING **61%**.....

In comparison, investment in instructor-led learning programs is expected to increase by only 15.4%. Nonetheless, budgets for instructor-based learning formats are expected to see little change from 2017, with almost 65% of respondents saying they will maintain their current use. For good reason, as a related 2017 CGS Learning and Development survey revealed that 37% of learners find instructor-led training to be the most beneficial format for learning – ahead of video, games, simulations and group exercises.

Formats projected to Maintain or Reduce Use in 2018: Instructors; Physical, visual aids: guides, checklists, infographics; Simulations.

The time for Augmented/Virtual Reality has not come ...yet

The vast majority of respondents were not yet ready to consider investing in AR/VR for learning. While 4% have implemented it, 70% aren't thinking about it yet. Nevertheless, 26% are open to testing it by the end of this year.

ROOM FOR IMPROVEMENT

1. THE GOOD NEWS: L&D is being asked to become more strategic

The Gap: In a partnership study between MIT Sloan School of Business and London Business School, a survey of 11,000 senior executives, leaders and managers from more than 400 companies, shows that only a third of senior managers can correctly identify their firms' top three priorities.

What might be L&D's role in correcting this issue? Communication, Strategy Implementation. In addition to the continuing (and startling) trend that organizations do not have regular cross-departmental discussions around training, employee development or skill-building—79% of L&D decision-makers state that they only meet with executive teams or line of business leaders on an as-needed basis, quarterly or less frequently.

TIP: *Harvard Business Review* reveals that 77% of successful companies have an established mechanism to translate their strategy into operative terms and evaluate it on a day-to-day basis.

2. EMPLOYEE vs L&D: Differing views on Learning Program quality

62.2% of L&D leaders in our 2018 Learning Trends survey reported that their programs were either good or excellent.

In contrast, the results of the CGS Employee Learning & Development survey of 3,600 workers indicate that over 60% of Millennials surveyed don't receive or benefit from company training, while less than 40 percent of Baby Boomers feel as though their management team are invested in their training and development.

And overall, only 25 percent of employees report that their organizations have training programs to develop leadership skills.

However, addressing changing employee needs is top of mind. When asked how L&D teams are tailoring learning and training programs for younger generations of workers, the themes are a focus on shorter, bite-sized, interactive content.

FACING CHALLENGES: PLANNING 2018 L&D PROGRAMS

As with 2017, budget and buy-in (from leadership and employees) continue to keep L&D teams up at night, but there are additional challenges L&D is worried about for 2018:

- **Limited resources** (budget, time, staff)
- **Buy-in:** Leadership / management / employee
- **Applying** learning to daily work
- **Training** for deskless/remote workers

“One size does not fit all customized programs, adapted to people’s real needs.”

“All of the leaders are in different places in their journeys. We are challenged with meeting them all where they are in order to set a baseline and standard everyone is not just accountable for but excited about.”

“Keeping up with the trends in technology and creating a program that is flexible and reactive enough to allow for future growth without a complete redesign of the system.”

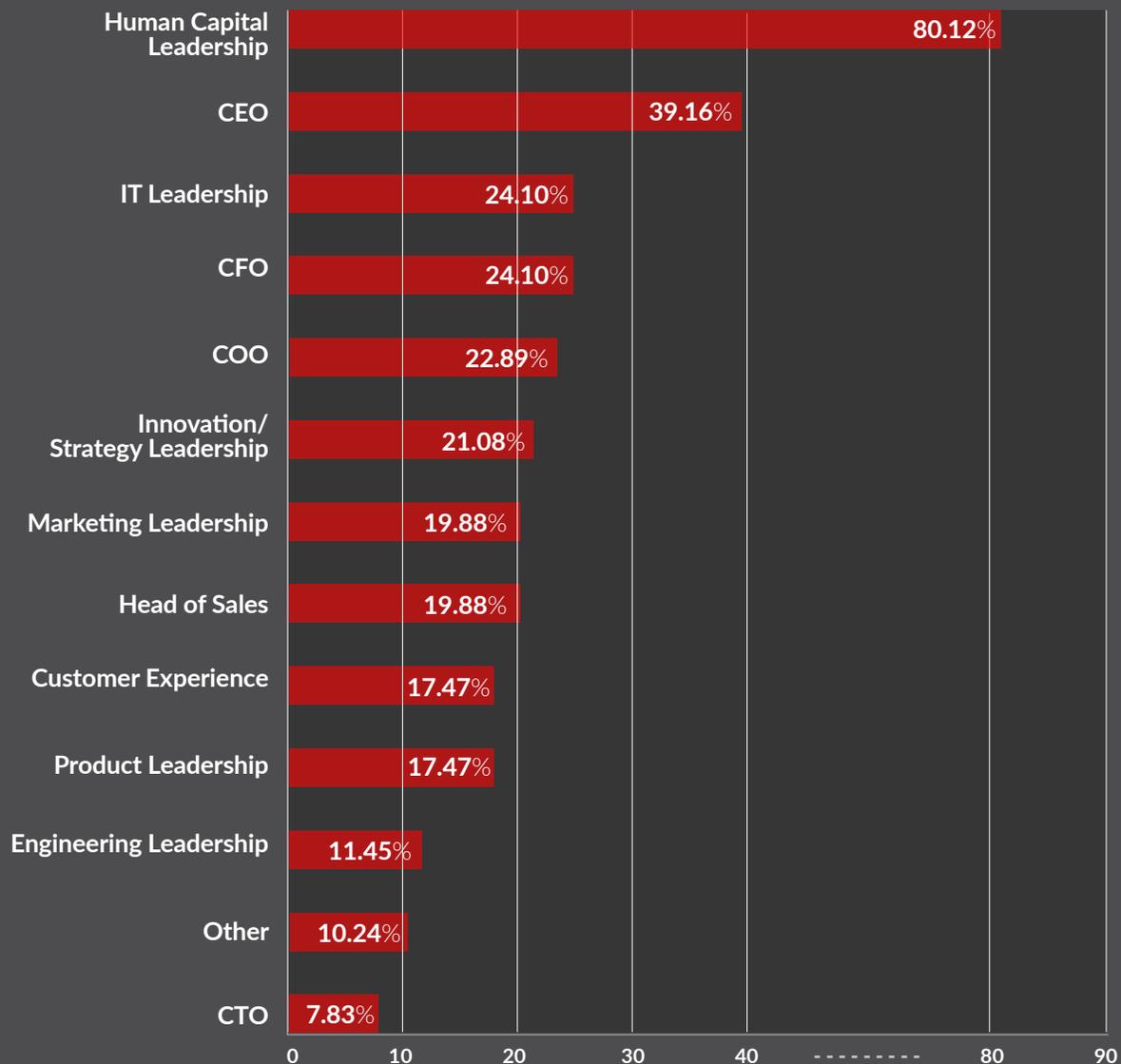
“Creating training programs the employees who are out in the field can have access to and use.”

“Getting support from the lines of business to integrate the learning into business practices and monitor the success (making the learning stick once back to the 'real world').”

A SEAT AT THE TABLE

Global organizations are extremely complex, and it's virtually impossible for a CLO to understand all of his or her company's operations. It is possible, however, to be well-versed in the KPIs used by functional, line of business and regional leaders. Based on our survey, these are the stakeholders who will get you a seat at the table and help you drive a successful corporate learning strategy:

Q: Which stakeholders in your organization are actively involved in the decision-making process for Learning Programs?



MEASURING SUCCESS/ROI

As with last year's survey, 2018's top three responses to the question of how companies judge the ROI/effectiveness of learning programs were again Employee Engagement, Business Metrics and Onboarding Success Rate/Time to Performance.

However, the big difference was an increase in emphasis. **Over 90% of respondents rated employee engagement as the most important metric or a somewhat important one in measuring a learning program's success.** Similarly, 86% of respondents said that business metrics (revenue, mobility, reduced costs) were the most or somewhat important metrics. And, 82% reported the same for onboarding success rates/ time-to-performance.

Q: When judging ROI / Effectiveness of Learning programs, which of the following metrics resonate with your management team?

SPECIFIC ANALYTICS	Important	Neutral	Not Important
Employee Engagement	147	10	4
Business Metrics	142	21	3
Onboarding Success Rate Time to Performance	134	24	6
Culture & Diversity	127	29	7
Retention Rate vs. Turnover	118	33	11
Adoption Rate (Process...)	109	42	11
Qualitative Data Capture	109	42	13
Certification Completion	85	48	32

Interestingly, each of the specific analytics reflected on how employees felt about their work or the climate in which that work took place (all of which fall under the category of engagement); and how the metric reflected on the company's bottom line in terms of revenue, costs or productivity (all of which fall under the category of business metrics).

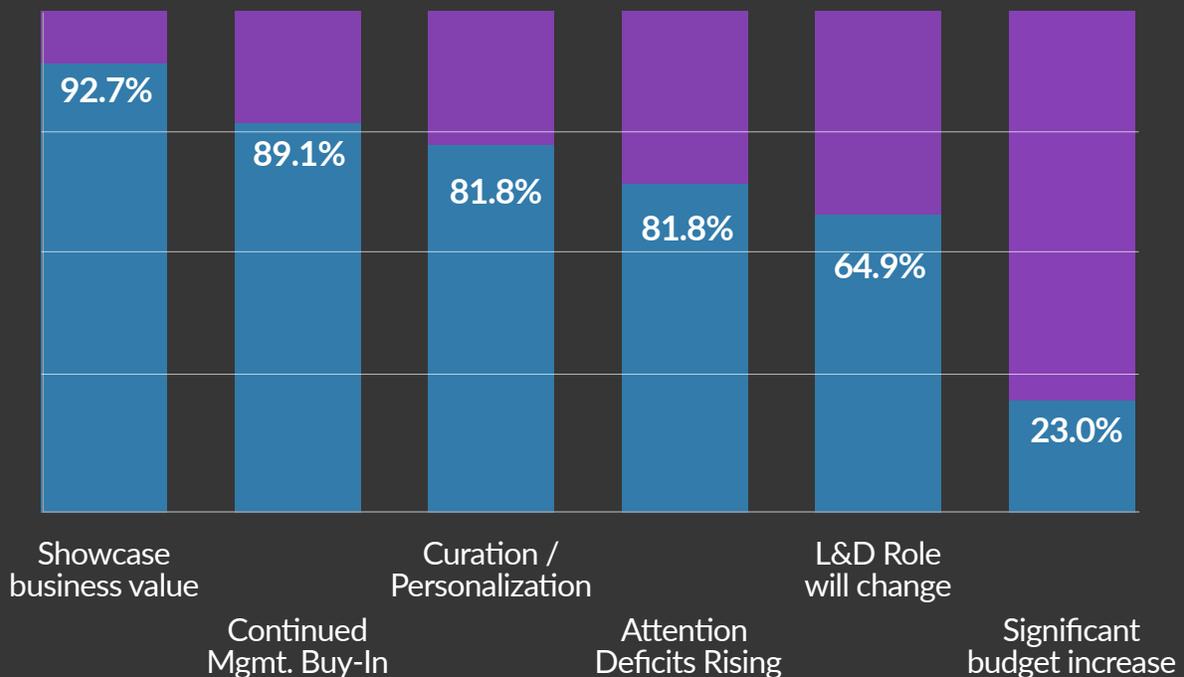
A NERVOUS EYE TOWARD THE FUTURE

In the words of Christa Manning, VP of Solution Provider Research at Bersin, **“The most compelling leaders find a way to connect content to an organization’s broader purpose and mission. Doing so helps with completion of the modules and lets the employee realize there’s something in it for them.”** What Manning is talking about are synergies between an organization’s success and that of its employees.

The L&D role is to instill this value into an organization’s culture, from its leadership on down to its management and employees. As seen in the graphic below, each trend represents either a challenge learning professionals are facing or a solution they can provide. And, the uneasy undercurrent running beneath all of these trends is the expectation that L&D budgets will not significantly increase.

In an era where M&A deals are occurring in greater numbers, the trends described below may inspire learning professionals to instill a true culture of learning within their organizations – to engage employees and leadership at all levels – or a sobering reminder that, failing that, leadership may look outside the company to acquire the competencies needed for success.

MAJOR TRENDS 2018



MAJOR SHIFTS

With the data that becomes available from each annual survey of Learning Trends, year-over-year trends and developments become apparent. Below, find some of the biggest shifts over the past year.

-  While Soft Skills development is again the number one strategic priority for L&D teams, it has increased by 8% over 2017 while Change Management and Cultural Transformation have declined.
-  Breaking Up Silos: 47% of respondents have at least quarterly check-ins with line of business managers, up slightly from 44% but still not adequate as reports from World Economic Forum, McKinsey and Deloitte predict that the pace of change in the job market will only start to accelerate by 2020.
-  Resources for Learning/Talent/HR continuing to increase. In 2018, 65.0% of respondents reported committing resources to this department, while in 2017, that percentage was 63.6%, indicating further self-reflection by L&D teams about what programs have been successful and which ones can be improved.
-  Funds for leadership training for Executives/Management Customer are also up over 2017, with the percentage of survey participants committing resources to this line of business up to 61.0% in 2018, versus 58.3% in 2017.
-  Training initiatives for Customer Service/Support/Loyalty departments are seeing another increase in spend over last year. While 55.64% had committed resources to this department in 2017, 59.89% are dedicating budget and resource to the department this year. Sales and Marketing training support will decrease around 5%.
-  Emerging Tech is now mainstream. In 2018, Video is still the #1 channel for increasing use at 70.3%, with Mobile #2 at 66.0% and Microlearning #3 at 60.7%. Social Media and Collaboration and Crowdsourcing platforms round out the top 5.
-  While instructors are a big loser again in 2018, ranking #1 in terms of the percent of companies that are decreasing their investment in it as a learning format, nearly two-thirds of the respondents said they will keep their investment in instructor-based learning the same.
-  Last year's report revealed a large gap in how companies are addressing change at the macro level and that trend accelerated dramatically. In 2017, approximately 43% of companies revealed that they had a proactive learning plan in place for handling major events. In 2018, that number decreased to less than 30%.

CGS ENTERPRISE LEARNING



CGS Enterprise Learning works with the world's most admired companies to build and scale powerful workforces.

95%

95% of customers return to CGS for additional learning solutions

1,000,000

Supported 900,000+ learners in 2017 alone

6+ YEARS

Customer partnerships in excess of 6 years

CGS Enterprise Learning supports over 1,000,000 learners globally; retains 95% of our customers; and has been awarded a top spot on Training Industry's Watch List for our unique approach to IT, custom development and leadership development solutions for nine consecutive years.

As the learning provider of choice for many of the world's most admired companies, we know that there's not a one-size-fits-all approach to crafting a successful learning and development strategy.

CGS offers programs that are robust, agile, multi-touch, multi-approach and integrated across platforms, technologies and learning styles so that your employees get the most out of your performance initiatives. CGS leverages over 30 years of experience to guide you through the process of driving change initiatives, business strategies and employee engagement to achieve specific outcomes.

To learn more, contact us at learning@cgsinc.com.

Footnotes:

1 Riaa O'Donnell, "Learning tech trends to watch in 2018 and beyond," HRDive.com, December 12, 2017.

2 Benjamin Gomes-Casseres, What the Big Mergers of 2017 Tell Us About 2018, hbr.org, DECEMBER 28, 2017 (UPDATED JANUARY 02, 2018.)

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Stephanie Ivec, "5 eLearning Trend Predictions for 2018," elearninglearning.com, Feb 7, 2018.