CGS 2017 ENTERPRISE LEARNING ANNUAL REPORT

CORPORATE LEARNING TRENDS, OBSERVATIONS & PREDICTIONS

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Developments in technology, success metrics and global competition together with changes in workplace demographics and culture all play key roles not just in how corporate learning looks today, but how it will appear in the future.

Our survey of nearly 200 departmental business leaders, managers and Learning & Development (L&D) professionals, many of whom drive innovation in learning, provides several sweeping insights into:

- Where L&D departments plan to focus their resources in 2017

- Where Learning teams plan to increase their spending this year

- How that spend aligns with business goals

- What these teams consider to be their biggest challenges

- How L&D decision-makers will measure their successes

- The biggest shifts in strategic and tactical initiatives

- What will be the impact of all this on L&D programs for organizations, large and small

But before we launch into a more detailed exploration of what this learning trends report will cover, **let's take a quick look at the how the survey was set up, its participants and the companies they represent.**

SURVEY LOGISTICS

The survey brings together responses from 186 senior professionals, representing such diverse fields as Learning and Development, HR, Organizational Effectiveness, Operations, IT, Global Communications and Sales, among others. What unites all of them is their status as stakeholders in the implementation of corporate learning initiatives.

Among professional roles represented:

- **Influencers**..............................**36.0%**
- **Decision makers** **32.3%**
- **Contributors** **26.3%**

36%

26.3%

32.3%
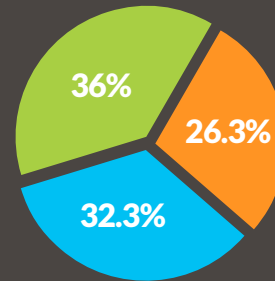
In terms of size, participating organizations:

- **Under 5,000 employees**...**53.5%**
  Mid-market companies

- Over 5,000 to 80,000+ employees...**46.5%**
  Large to enterprise companies

L&D programs for companies that took part in the survey ranged from being completely in-house to fully outsourced with several organizations landing somewhere in between. Factors that affected how L&D resources were allocated (and applied) included company needs, buy-in from leadership and the impact workforce demographics have on how L&D resources were utilized.

As with our 2016 Learning Trends Survey, the top three responses—for large and small companies—to the question: "Please rank the areas that you anticipate committing the most resources to in 2017 based on business priorities" were again related to the business culture.

However, the 2017 survey illustrates a shift in the cultural emphasis toward more fully engaging/supporting new and existing employees in order to better maintain and strengthen the business culture. And while there was, again, a focus on change management, its importance was correspondingly reduced.

"I haven't seen this much disruption in corporate learning since I started as an analyst back in the early 2000s. Employees are now in charge, video learning is everywhere, and hundreds of new learning tools and platforms are entering the market.

The L&D profession and function has fallen behind, and it's time for L&D to focus on digital transformation, learning experience design, and open peer to peer learning like never before.

The new digital world of work is here."

Josh Bersin,
Principal and Founder,
Bersin by Deloitte

STRATEGIC PRIORITIES

CGS's annual survey finds that developing employees' soft skills is again the top area to which companies are committing resources in 2017 (followed by engaging, retaining and motivating employees; and managing change).

Companies' increased focus on developing the soft skills employees need to become better collaborators, communicators and team members dovetails with efforts to boost employee engagement, motivation and retention.

This emphasis illustrates an understanding that supporting the development of current employees leads to greater ROI at lower costs than resources spent finding replacements. The L&D focus shines a light on the value so many of today's employees place on learning and development as a prime benefit.

TOP AREAS
of FOCUS
for 2017 L&D Resources:

1. Soft Skills

2. Engaging, Retaining, Motivating Employees

3. Change Management

# SOFT SKILLS AND THE COLLABORATIVE WORKPLACE

With almost 10% more number one votes than the other survey selections, developing employees' soft skills was again the top answer to our survey question about where companies plan to commit the most L&D resources in the coming year.

This is undoubtedly because instilling soft skills through leadership, coaching and onboarding makes for a more cohesive, collaborative and productive workforce. To accomplish these goals, many L&D professionals take advantage of media and the network of relationships collaborative platforms offer.

This sharing can be done through online chats, IMs and internal platforms such as SharePoint, where employees can find answers to questions themselves—a learning pathway especially appreciated by millennials.

For the 85% of respondents planning to maintain/increase use of social media, decision makers feel that the benefit of tapping into collaborative learning environments will allow subject matter experts in the workplace community to share their expertise directly with their peers.
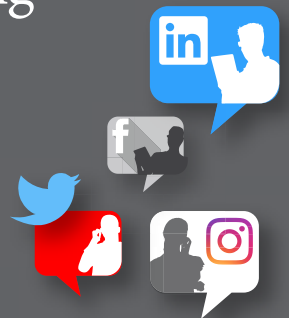
KEEPING EMPLOYEES ENGAGED

Maximizing employee engagement, motivation and retention is the secondary response where L&D professionals plan to commit team resources in '17. Employee engagement is also the primary metric that companies chose to measure a learning program's effectiveness.

So how do L&D professionals get employees excited about learning?
By giving them what they want.

Features such as speed, efficiency, relevance and usability, which employees enjoy in their favorite online resources and apps, can also be used to get employees engaged in company learning resources – whether they're working independently or as part of a team.

"There are only three measurements that tell you nearly everything you need to know about your organization's overall performance: employee engagement, customer satisfaction and cash flow."

— Jack Welch

LEARN TO PREPARE FOR CHANGE

As in 2016, 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 the most resources in 2017.

However, while last year 41% of companies said they had a plan in place for handling major events that could affect their business, **52.6% have no such plan in 2017** or are unsure whether they have one. For most companies, this should be an area of concern.

A recent survey from the Future of Corporate Learning Report, from The Bersin by Deloitte, showed that more millennials desired learning benefits than either flexible work schedules or cash bonuses.

Whether businesses face changes because of an uncertain regulatory environment, increased competition or an evolving marketplace, instilling a culture of learning is allowing companies to get out in front of advancing trends and ensure that employees keep their skills sharp. Making learning a primary focus also gives companies the agility to prosper in a changing environment.

Millennial workers are particularly well-adapted to changing market environments, because learning and development is one of that generation of employees' most prized benefits.

SPENDING TRENDS: HOW WILL INVESTMENTS CHANGE?

Now that we've covered the strategic priorities for employee learning programs, let's dive deeper into where dollars will be spent to address each goal. Compared with the 2016 survey, there have been a few major shifts in spending. While Leadership and Coaching remains the top spending priority, Learning Analytics and Culture Transformation have moved down to fifth and sixth place.

Q: How will your investments change in 2017?

INCREASE SPENDING

- Leadership and Coaching (soft skills)
- Onboarding and skills development programs (engagement)
- Developing programs to inspire & motivate employees (change management)

MAINTAIN SPENDING

- Transforming your culture
- Tracking and measuring business impact; use of analytics
- Retention initiatives

DECREASE SPENDING

- Adopting new learning tools and technologies
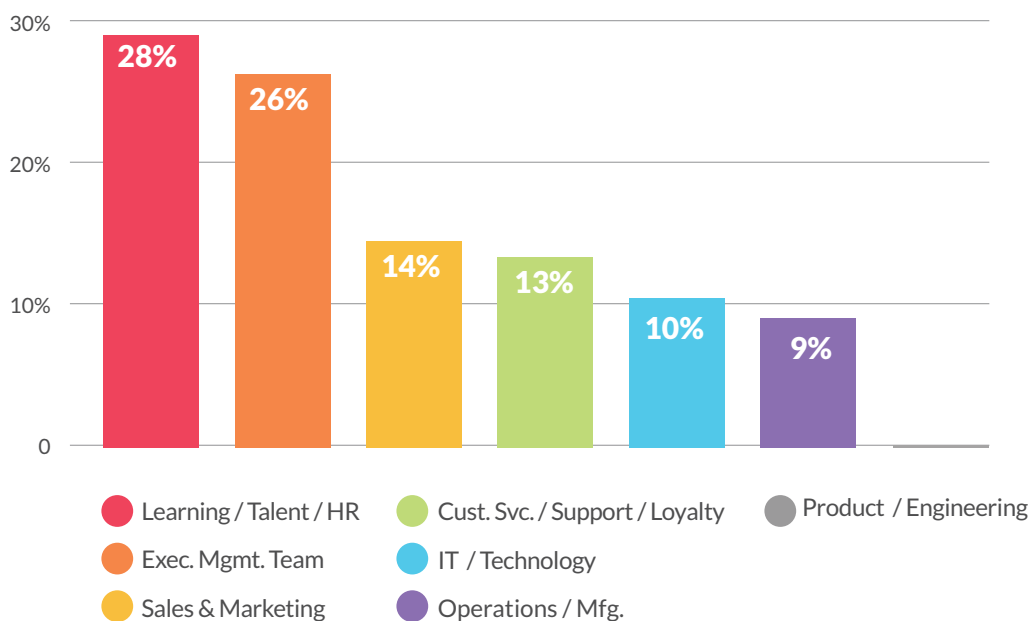- Ensuring new processes, products are adopted

SPENDING TREND:
TIME FOR SOME SELF-REFLECTION

The Deloitte report Global Human Capital Trends 2016 states that nearly every CEO and CHRO surveyed reported "their companies are not developing skills fast enough or leaders deeply enough" and "because employees change jobs more rapidly, employers must provide development more quickly, move people more regularly, provide continuous cycles of promotion and give employees more tools to manage their own careers."

In our survey, over 74% state that the role of L&D will change this year. For many L&D teams, the key to preparing business for the future is in rebranding your team as a creative change agent.

To move the needle, businesses will be looking to the Learning function for its ability to perceive alternative perspectives, synthesize ideas, corporate images and concepts in original ways, make novel connections across different domains and engage in generative and divergent thinking.

L&D Budget Allocation by Department / Division

- Learning / Talent / HR — 28%
- Exec. Mgmt. Team — 26%
- Sales & Marketing — 14%
- Cust. Svc. / Support / Loyalty — 13%
- IT / Technology — 10%
- Operations / Mfg. — 9%
- Product / Engineering

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People need maintenance
and upgrades even more
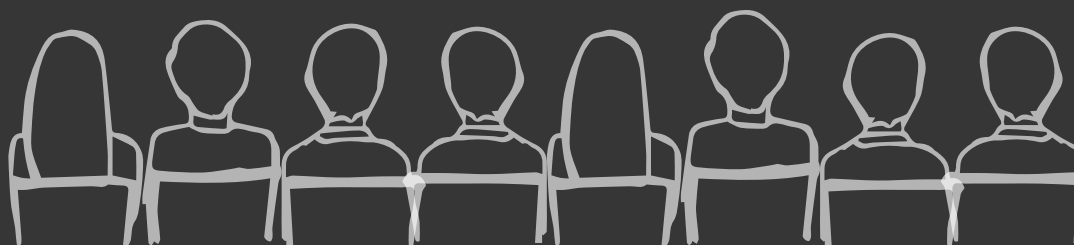than machines do.

RETRAINING is maintenance.

TRAINING is an upgrade.

DEVELOPMENT is the next
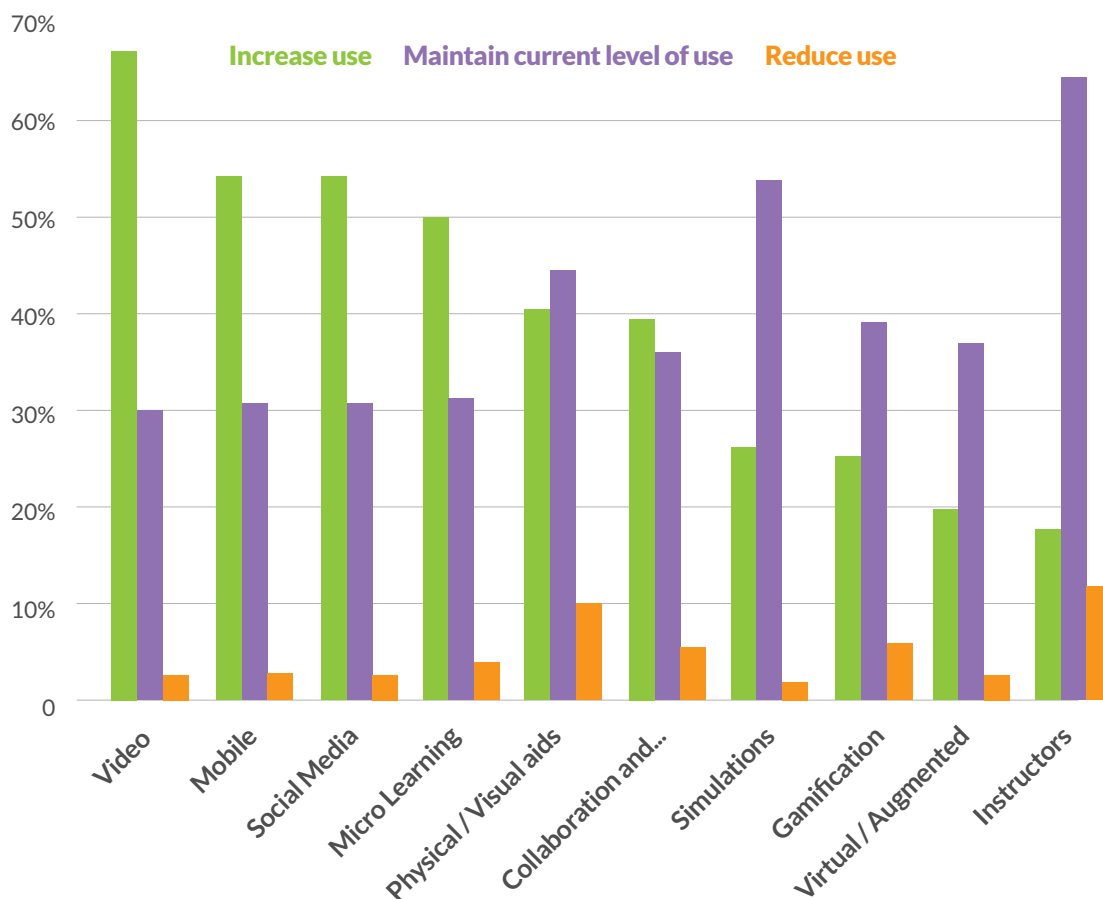generation model.

- Unknown

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SPENDING TREND: DIGITAL AND TRADITIONAL FORMATS

In today's highly distracted, highly reactive workplaces where always-on work cultures push employees to answer emails at all hours, L&D professionals must be aware of employees' limited availability.

With this in mind, learning professionals are ensuring that content is relevant, extremely concise and accessible at any time (e.g., video, mobile and social media).

Learning Formats: Digital and Traditional

Legend: **Increase use** **Maintain current level of use** **Reduce use**

Categories: Video, Mobile, Social Media, Micro Learning, Physical / Visual aids, Collaboration and..., Simulations, Gamification, Virtual / Augmented, Instructors

SPENDING TREND: WHO REALLY HAS BUY-IN?

It's somewhat of a startling figure but according to the respondents, 81.8% of organizations only have cross-departmental discussions around training, employee development or skill-building on an as needed basis, quarterly, or less!

As a result, learning, talent management and HR teams will need to very boldly and loudly showcase the ROI being delivered to the business.

Roles Involved in the L&D and Training Buying Process
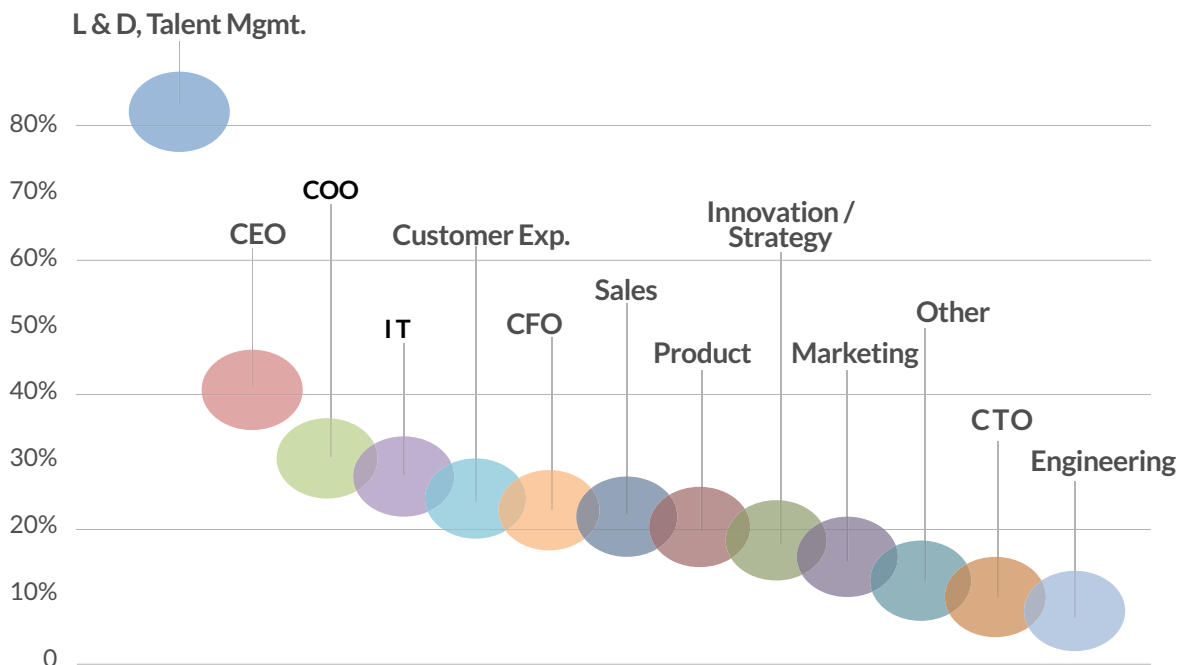
We can't sum up the need for multiple functions to be involved in the talent management process better than Mark Hurd, CEO of Oracle...

"HR isn't just an application—a simplified and isolated operation relegated to a few cursory functions.

HR is a process. It isn't one thing. It's a series of things that have to get done to drive engagement. Employee engagement in business outcomes is commonly measured at a commitment level of about 70%.

So, in the case of Oracle, with its $20 billion expense structure, if I can just get seven more points…I get $2 billion—that's how I think of it. But it's not only about cutting expenses.

More highly engaged employees do more work, they do better work, they care more about the results of the business, they care more about your customers, they perform better, and so does the entire entity."

Mark Hurd,
CEO, Oracle

WHAT KEEPS LEARNING TEAMS UP AT NIGHT

Q: What do you see as your greatest challenge in planning 2017 L&D programs ?

Develop effective, engaging programs
32%

Preparing for the Future
21%

Budget
47%
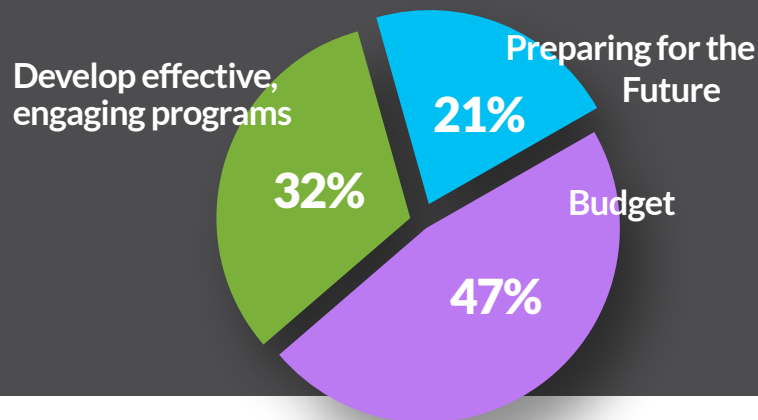
Gaining leadership agreement on where to dedicate funds.

- Director, Continuous Improvement, Insurance

Developing the right learning programs and getting them to the right employees at the right time. Training is expensive: identifying who needs training and rolling it out successfully can be challenging.

- Learning Technologies Analyst, Healthcare

Unwillingness to turn loose the past and embrace the future.

- Leader, Innovation Lab, Specialty Chemicals

MEASURING SUCCESS / ROI

Notice that all three of the issues that L&D teams state are keeping them up at night are directly related to areas that management teams are actively seeking answers specific to Learning ROI.

We dug deeper to understand the specific metrics that actually matter.

As in previous surveys, this year's respondents recognize the importance of measuring the effectiveness of learning programs as well as each program's return on investment. Additionally, the 2017 survey indicates an increased sophistication among L&D professionals about what exact measurements would be most useful in determining the effectiveness and overall monetary benefits of a specific program.

As can be seen below, the most sought-after ROI measurement for a learning program was its impact on "Employee Engagement" with the effect on the overall business a close second, directly followed by "Onboarding Success Rate."

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

| Specific Analytics	Most Important	Neutral	Least Important
Employee Engagement	128	10	1
Business Metrics Revenue, mobility, reduced costs	127	10	3
Onboarding Success Rates/ Time to Performance	123	18	0
Retention Rates vs. Cost-to-Hire	113	20	5
Culture & Diversity	104	31	5
Adoption Rate (Process, Software)	100	36	3
Qualitative Data Captured Throughout Employee Life Cycle	80	45	7
Certification Completion Rates	69	60	12

⌐ Number of respondents ⌐

AN EYE TOWARD THE FUTURE

According to Bersin for Deloitte, most companies planned to undergo major restructuring in 2016, and getting this right is a top concern for CEOs. "Organizations don't change—people do," wrote Nate Boaz and Erica Ariel Fox, and HR's new role is optimizing people's experiences. Whether your employees are distinguished by their desire to be in an international assignment rotation, a more collaborative workspace or their C-suite ambition, how in tune with them are you?

Most companies haven't perfected a digital HR strategy yet. Moving forward will be dependent on bringing together social, mobile, analytics and cloud (SMAC) technologies to represent a new platform for improving the employee and candidate experience and allowing people to learn in the ways that work best for them.

Major Trends 2017
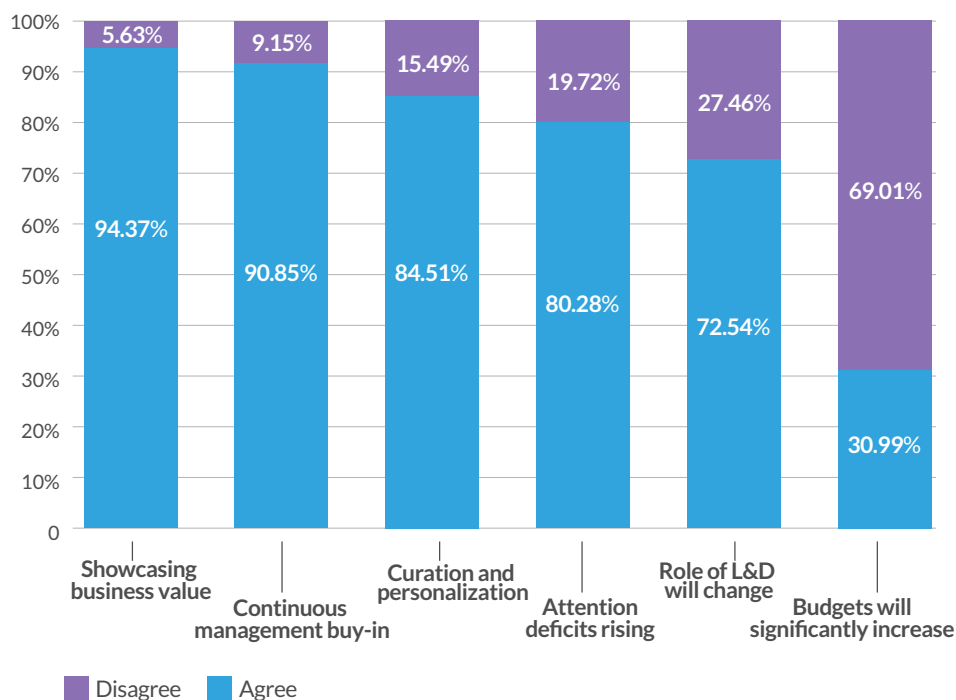
What's more, as data becomes more central to documenting the success of learning programs, many learning professionals will find that Learning Management Systems software increasingly limits their ability to track sophisticated learning metrics and may move to incorporate xAPI (Experience API) into learning programs.

In the past, the best L&D functions focused on delivering high-quality learning in the classroom.

However, now the best L&D functions are shifting to meet the new learning needs of employees through different mediums and platforms.

We think about this as the "WWW"—employees need to have access to whomever they need to learn from, whenever they want, and wherever it is convenient.

As an L&D function, our mandate now is to support these evolving employee learning needs.

— Abhijit Bhaduri, Chief Learning Officer, Wipro Technologies

MAJOR SHIFTS

With each annual report, new data becomes available that allows us to track trends and developments while they are happening. Below, please find a few of the biggest shifts we've seen over the past year.

- **While Soft Skills development is still the number one strategic priority for L&D teams,** it has decreased year-over-year by 8.14% and Employee Engagement and Motivation is making up the difference.

- **Improving Technical and Compliance Capabilities is increasing** in priority level from 27.95% of respondents ranking this in the top three in 2016, to 37.75% considering this a top three issue in 2017.

- **Training initiatives for Customer Service/Support/Loyalty departments are seeing a significant increase in spend over last year.** While 33.54% had committed resources to this department in 2016, 55.63% are dedicating budget and resource to the department this year. Sales and Marketing training support will also increase 10%.

- **Digital learning strategies have seen the most significant shifts.** In 2016, Web-based training and Instructors were tied at 88% as the most used channels for learning initiatives; and video took the #3 spot at 74%. This year, the entire game has changed. Video is the #1 channel for learning delivery and newer technologies such as mobile, social and microlearning now make up half of all learning delivery. In 2016, these technologies did not even make up 20% of the channels being used.

- **Where are instructors ranked in 2017?** Last place at 18.25% of learning channels, falling under emerging tech such as Simulations, Gamification, VR and AR.

- **Last year's report revealed a large gap in how 'disruption-proof' companies are.** Just over 60% revealed that they do not have proactive learning plans in place for handling major events that could affect employee skill sets or the company's internal knowledge set. While there is an improvement this year and 3% more companies have preparedness plans in place, 57% is still a wide gulf.

CGS ENTERPRISE LEARNING

ENGAGE. ENLIGHTEN. EMPOWER.
INSTILLING FUNDAMENTAL KNOWLEDGE

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

95%	900,000	6 YEARS
95% of customers return to CGS for additional learning solutions	Supported 900,000+ learners in 2016 alone	Customer partnerships in excess of 6 years

CGS Enterprise Learning supports over 900,000 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 9 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.