

Training Budget Benchmarks and Optimizations for 2017

Research Summary



Litmos
by CallidusCloud



Brandon Hall
GROUP

Brandon Hall Group Research Team
December 2016

TABLE OF CONTENTS

Summary	4
Analysis of Top Findings	5
1. There is a 4-Way Battle for Control of the Budget	5
2. Video Is the Least Expensive Content to Create	6
3. Companies Spend the Most on Training Senior Leaders	7
4. The Classroom is Still King	8
5. Technical Skills Training Consumes the Most Training Hours	9
About Brandon Hall Group	10

Top Spending and Management Trends for Training, 2016 - 2017

The classroom is still king in terms of spending, despite ever-increasing options that are seen as more effective. And spending on senior leadership training easily outpaces investment in other employee levels. Those are just two of the top findings in Brandon Hall Group's 2016 Training Benchmarking Study.

KEY FINDINGS

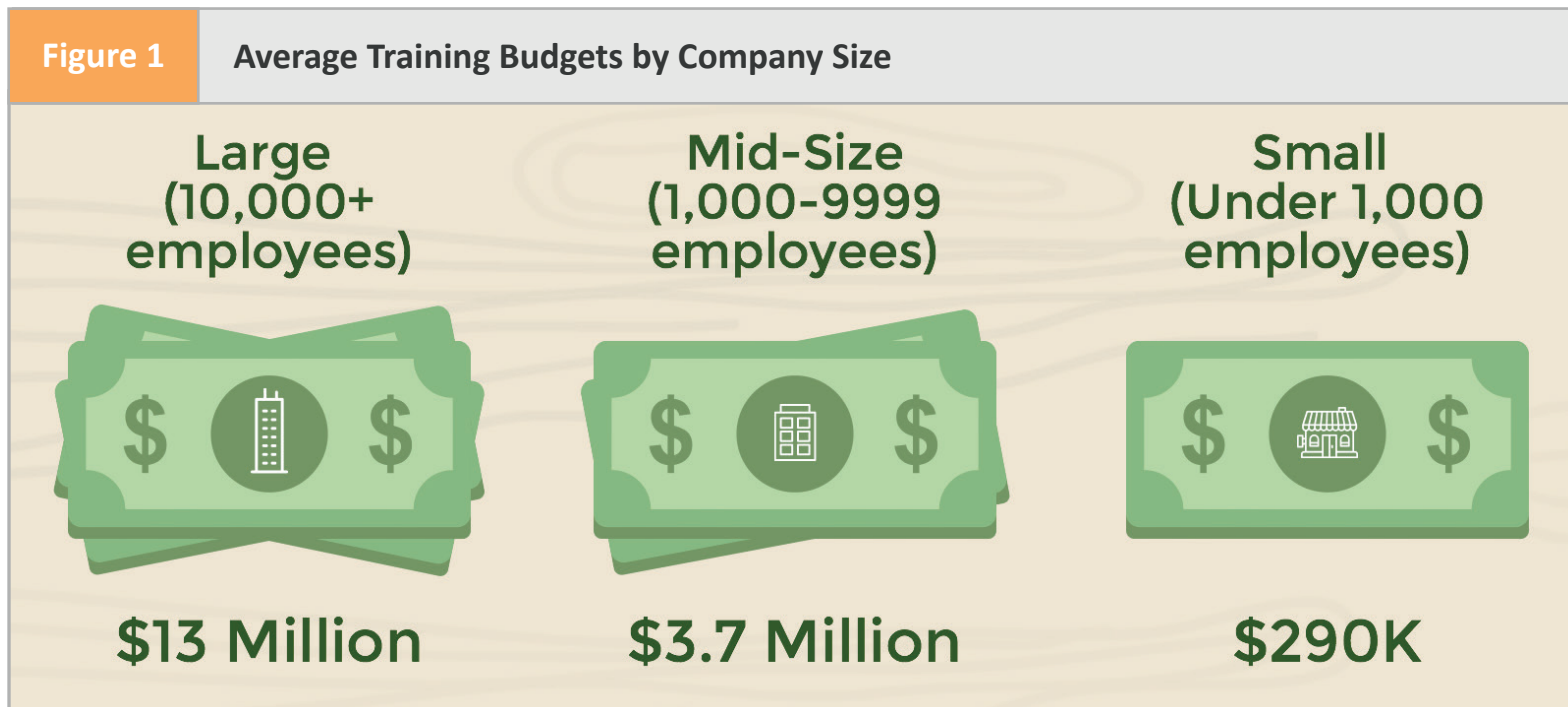
- More business leaders have primary responsibility for learning budgets than CLOs/heads of learning.
- ELearning is the most expensive learning experience to develop, and video learning is the least expensive. But eLearning is utilized 28% more often.
- 58% of organizations spend more than \$1,000 per learner on training for senior leadership - compared to just 39% for high-potentials and 32% for mid-level management.
- Classroom is still king in terms of use -- it's chosen 22% more than any other modality. But coaching/mentoring is seen as more effective for the third consecutive year, while usage is 37% less.

Source: 2016 Brandon Hall Group Training Benchmarking Survey (n=316)

Summary

Training is often one of an organization's biggest budget line items. With business needs changing quickly and technology advancing even faster, companies are constantly reevaluating how they spend their training dollars. It can also be difficult to determine just how big the training function should be related to a company's size and the industry in which they operate.

Actual budget sizes vary widely and depend on numerous factors, the most influential being the sheer size of the organization. Although it is a much sought-after piece of data, the actual size of the training budget doesn't mean much. What's truly important is how it is developed, who owns it and how it gets used. Our key findings provide a look under the hood of the training budget to get a better picture of what is really going on.



Source: 2016 Brandon Hall Group Training Benchmarking Study (n=316)

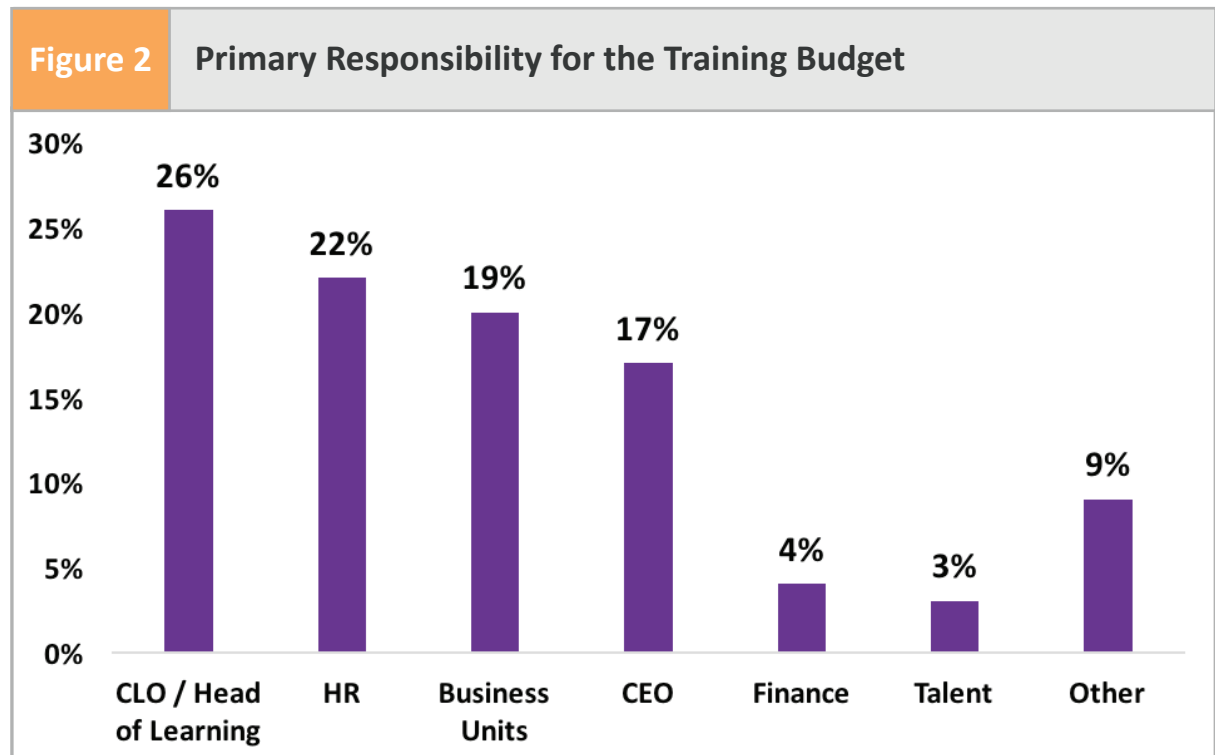
ANALYSIS OF TOP FINDINGS

1. There is a 4-Way Battle for Control of the Budget

It would seem obvious that the head of the learning function would ultimately be responsible for the training budget, but many organizations do not have a learning function, let alone a head of learning. In a lot of cases, training is carried out as a function of another group altogether, such as HR. The survey data shows that budget development is almost as likely to belong to someone outside of learning as it is to reside with a CLO or equivalent.

So while about half of the learning budget is managed by Learning or HR, in another 40% of organizations, responsibility rests with business leaders.

Training budget development is important because the party responsible for developing the budget has a huge impact on how it is allocated. A CEO may have a much different view of the learning strategy than the head of HR, and business leaders may be able to keep the budget more aligned with the overall business strategy.

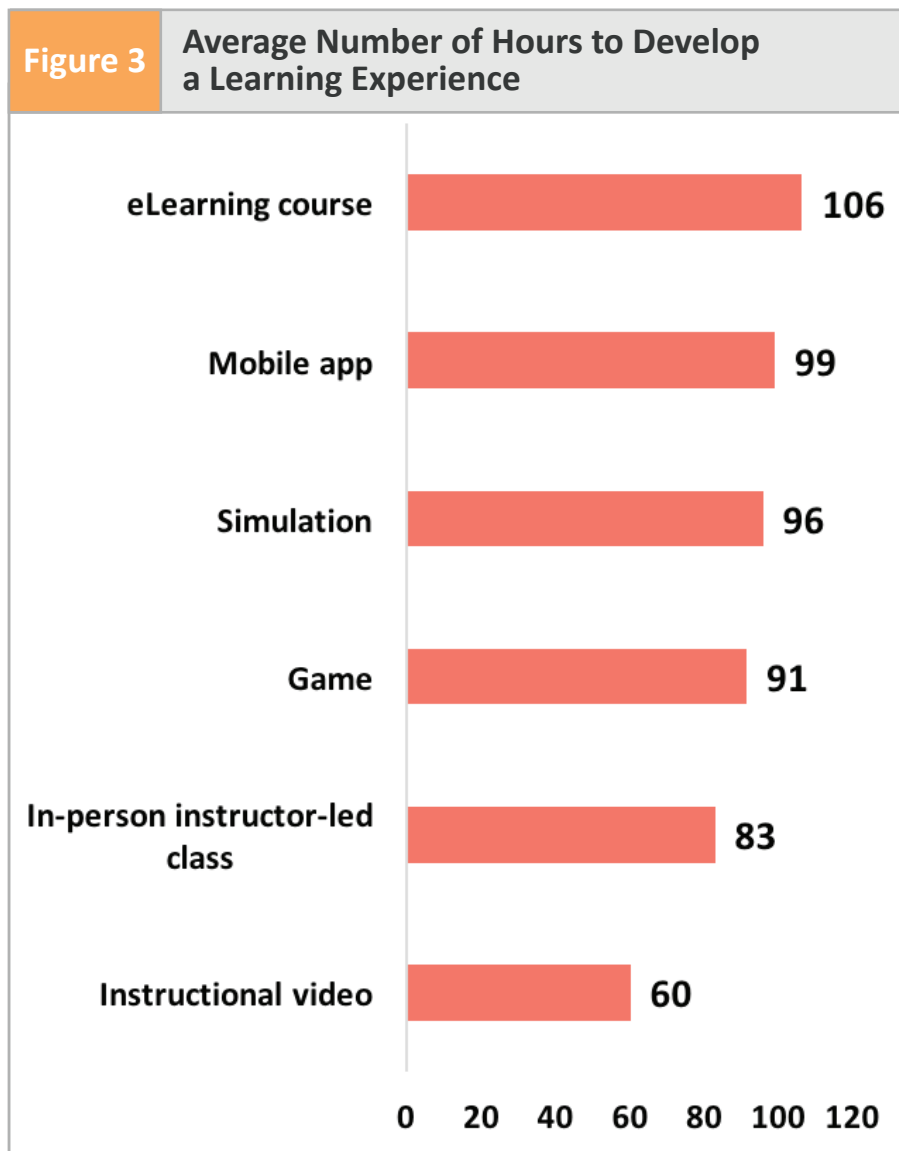


Source: 2016 Brandon Hall Group Training Benchmarking Study (n=316)

2. Video Is the Least Expensive Content to Create

A traditional measurement of training is the amount it costs to develop one hour of training, but we are now in an environment where learning is not delivered in hours, but in experiences. These experiences vary widely, including multiple days for an in-person instructor-led training program, several hours for an eLearning course, and mere minutes for a video. To better reflect this model, our study asked organizations how many hours it takes to create a given experience. We can then cross check this with the hourly cost of creating training to get a rough idea of what it costs to create various learning experiences. The study found that the average hourly cost to develop any kind of training is about \$507, which includes headcount, technology, external resources and anything else required to create the experience.

An eLearning course ends up being the most expensive asset to create, requiring an average of 106 hours to put together, which results in an average cost of \$53,742. On the other end of the spectrum, a video takes an average of 60 hours to put together, resulting in an overall average cost of \$30,420.



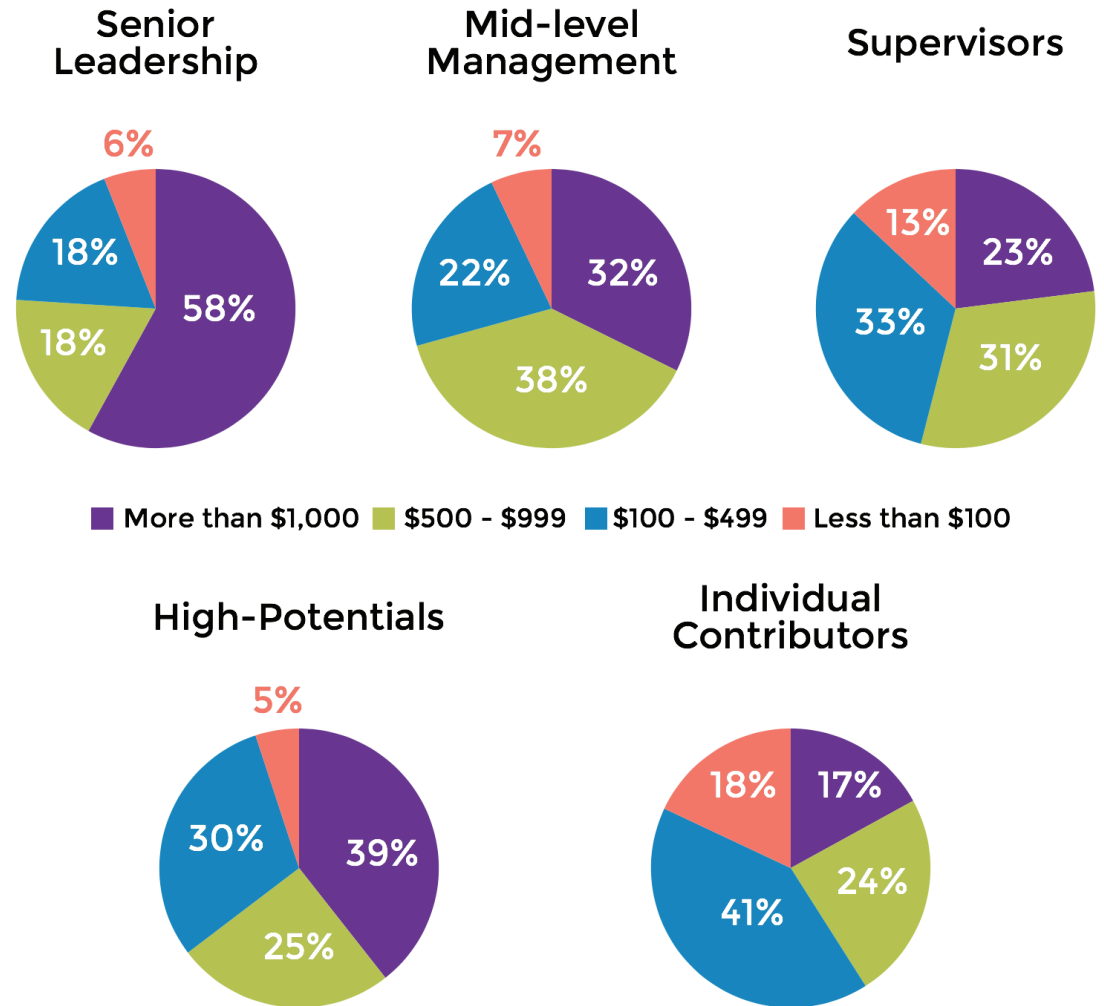
Source: 2016 Brandon Hall Group Training Benchmarking Study (N=316)

3. Companies Spend the Most on Training Senior Leaders

Overall, organizations tend to use a “trickle-down” approach when they leverage their training dollars. When we look at per-learner training budgets, we see that companies are clearly spending more money (\$1000+ per learner) on senior leadership, and generally spend less as at the lower manager and employee levels.

The biggest budget band for senior leadership is more than \$1,000 per learner per year, with 58% of companies spending that much. 39% of companies spend \$1000+ per high-potential employees. Only 17% spend that much annually per individual contributor. There are always going to be more individual contributors within an organization than senior leaders, but the disparity between the spending amounts is quite significant. But training for any employee group is not necessarily cheap, as few companies spend less than \$100 per learner for any type of employee.

Figure 4 Per-Learner Training Budgets



Source: 2016 Brandon Hall Group Training Benchmarking Study (n=316)

4. The Classroom is Still King

Social media tools, mobile devices, HD video, and more, have dramatically expanded the breadth and depth of the learning ecosystem. However, at the center of all this remains the classroom. And instructor-led classroom is still the predominant way learning is delivered – by a wide margin. On a five-point rating scale where 1 is 0% of total training and 5 is more than 75%, instructor-led classroom rates a 3.4 – 21% more than even eLearning modules, which rated a 2.8.

What’s remarkable about this is that the level of effectiveness for each method outpaces the level of use, often significantly.

As stated, instructor-led training has the highest use rating, and it also has one of the highest effectiveness ratings. Yet, it is not the highest rated for effectiveness. That honor belongs to coaching and mentoring, yet its use rating is almost a full point below that of classroom training. It’s a similar story for on-the-job exercises. Modalities such as in-person games and simulations also score relatively high for effectiveness, yet they are at the bottom for use.

The bottom line is that organizations are discovering that there are many more effective methods available to them, but they have yet to break out of the formal classroom model enough to take advantage of them.

Figure 5 Training Modalities: Use vs Effectiveness (Average Score, 5-point Scale)

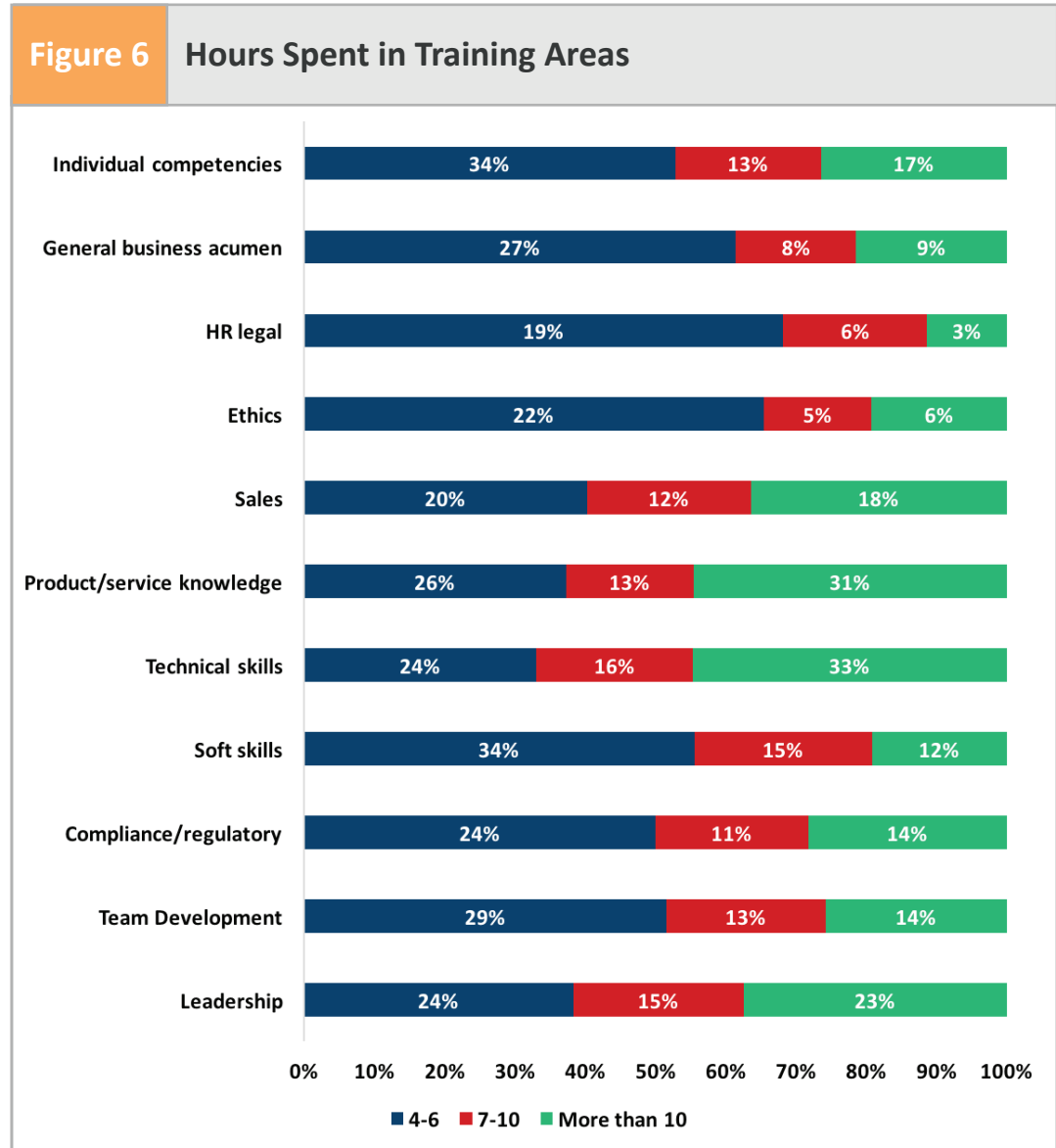
Modality	Use	Effectiveness
In-person, instructor-led classroom	3.40	3.79
eLearning modules	2.78	3.23
Informal peer-to-peer learning	2.59	3.56
On-the-job exercises	2.58	3.71
Coaching/mentoring	2.48	3.88
Paper-based performance support	2.43	2.85
Online performance support	2.33	3.23
Conference calls	2.28	2.53
Video learning	2.17	2.95
Virtual synchronous classrooms	2.13	3.00
Industry conferences/events	2.07	2.82
Pre-recorded instructor led training	2.03	2.56
Recorded Webinars	2.01	2.51
Published books or research	1.83	2.37
Social/collaboration tools	1.83	2.98
Mobile Learning delivery	1.70	2.86
On-line academic institutions	1.69	2.70
In-person academic institutions	1.68	2.95
Games/simulations (in-person)	1.52	3.00
Games/simulations (online)	1.48	2.83
Podcasts	1.45	2.39

Source: 2016 Brandon Hall Group Training Benchmarking Study (n=316)

5. Technical Skills Training Consumes the Most Training Hours

Aside from pure cost, the biggest resource associated with training is time. People need to spend at least some amount of time away from their everyday duties to take training each year. It turns out that technical skills training requires the biggest commitment.

At about one-third of companies, people are spending more than 10 hours per year in technical skills training. By way of contrast, people spend that much time with leadership training at only 23% of companies. Ethics and HR compliance take the smallest chunk of annual training dollars, while product and services knowledge training is right up there with technical skills.



Source: 2016 Brandon Hall Group Training Benchmarking Study (n=316)

About Brandon Hall Group

Brandon Hall Group is a HCM research and advisory services firm that provides insights around key performance areas, including Learning and Development, Talent Management, Leadership Development, Talent Acquisition, and HR/Workforce Management.

With more than 10,000 clients globally and 20 years of delivering world-class research and advisory services, Brandon Hall Group is focused on developing research that drives performance in emerging and large organizations, and provides strategic insights for executives and practitioners responsible for growth and business results.

Authors and Contributors



David Wentworth (david.wentworth@brandonhall.com) wrote this report. He is the Principal Learning Analyst at Brandon Hall Group, focusing on all aspects of learning and the technology that supports it. David has been in the human capital field since 2005 and joined Brandon Hall Group as senior learning analyst in early 2012.

Claude Werder (claudewerder@brandonhall.com) edited this report. He is the Vice President of Research Operations and Principal HCM Analyst at Brandon Hall Group. His responsibilities include overseeing Brandon Hall Group's team of analysts, directing research priorities, content quality assurance, and producing the annual HCM Excellence Conference.

Carol Clark (carol.clark@brandonhall.com) is a Copy Editor and Graphic Artist at Brandon Hall Group and provided editing support for this report.

Nissa Benjamin (nissa.benjamin@brandonhall.com) is the Marketing Coordinator at Brandon Hall Group and created the graphics and layout for this report.

Inspiring a Better Workplace Experience

Our mission: Empower excellence in organizations around the world through our research and tools each and every day.

At the core of our offerings is a Membership Program that combines research, benchmarking and unlimited access to data and analysts. The Membership Program offers insights and best practices to enable executives and practitioners to make the right decisions about people, processes, and systems, coalesced with analyst advisory services which aim to put the research into action in a way that is practical and efficient.

Membership Offers Tailored Support

Our membership delivers much more than research. Membership provides you direct access to our seasoned team of thought leaders dedicated to your success, backed by a rich member community, and proactive support from our client services team.

RESEARCH ACCESS & EVENTS

- Reports
- Case Studies, Frameworks & Tools
- DataNow® & TotalTech®
- Webinars and Research Spotlights
- Annual HCM Conference

ADVISORY SUPPORT

- Ask the Expert
- 1 on 1 Consultations
- Research Briefings
- Benchmarking

CLIENT SUCCESS PLAN

- Your Priorities
- Executive Sponsor
- Client Associate
- Monthly Meetings

Interested in membership? Click here to request a free trial today!



Strategic Consulting Offers Expert Solution Development

Our consulting draws on constantly updated research and hundreds of case studies from around the globe. We provide services that simplify and target efforts to produce business results.

BENCHMARKING

- Competitive/Comparative
- Maturity Model
- Custom Research

STRATEGY

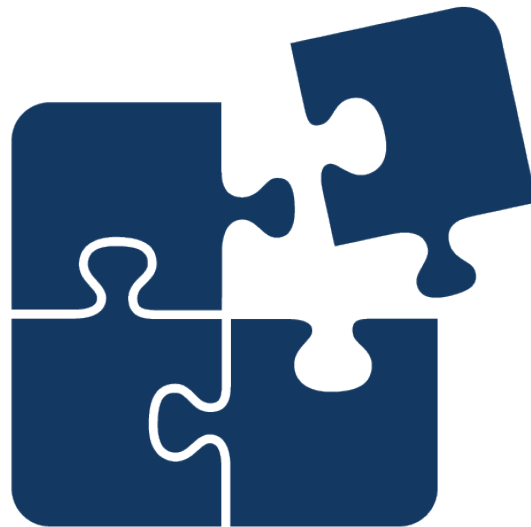
- Business Case
- Planning
- Organization & Governance

TECHNOLOGY SELECTION

- Vendor Selection
- Architecture Design
- Systems Evaluation

DEVELOPMENT & INTEGRATION

- Program Design
- Assessment
- Survey
- Process Integration



**Have a need for consulting?
Click here to get started!**

A Sample of Our Clients

