2014
State of the Industry

Top 3 Content Areas
1. Mandatory and Compliance
2. Managerial and Supervisory
3. Profession/Industry Specific

31.5 Learning Hours Used Per Employee

340 Participating Organizations

70% of Training Delivered is Instructor-Led

38% of Training is Delivered Using Technology

Sponsored by:
Skillssoft
Ken Blanchard Companies
The Leadership Difference®
02  A NOTE FROM OUR SPONSORS
04  DATA SOURCES
07  EXECUTIVE SUMMARY
10  SECTION 1: Efficiencies and Expenditures
26  SECTION 2: Content Distribution and Delivery Methods
38  SECTION 3: Research Topics and Trends, 2014
42  ABOUT THE AUTHORS AND CONTRIBUTORS
43  ABOUT ATD
A Note From Skillsoft

The Association for Talent Development’s annual State of the Industry report provides valuable insight into the evolution of learning during recent years. The report also provides insight into best practices—data that proves especially relevant for organizations that consider how the learning and development choices of ATD BEST Award winners differ from those in other organizations—and what we can learn from them as we develop our plans for next year.

Many organizations have developed a greater appreciation for the crucial role learning plays in becoming more competitive, effective, efficient, and agile. Appreciation for the benefits of technology-based learning has also grown, with e-learning accounting for more than a third of formal learning hours available last year. This is not surprising as training departments look to extend the learning function’s reach, serve more geographically dispersed workforces, and quickly help learners develop new skills to accommodate changing demands—all at an affordable cost.

As organizations demand learning programs more closely aligned to business goals and individual learners’ needs, training strategies must become more innovative, flexible, and resourceful. Skillsoft strives to provide content, service, and experience that enable learning and development professionals to successfully meet those demands. We recognize the many challenges facing learning departments and pride ourselves on our ability to help our customers respond effectively.

Skillsoft is pleased to support ATD, another organization with a long history of helping training professionals succeed. ATD models best practices in learning by providing development programs, critical analysis, and opportunities for collaboration for training professionals. Skillsoft appreciates ATD’s contributions to innovation within our industry.

About Skillsoft

Skillsoft is a pioneer in the field of learning with a long history of innovation. Skillsoft provides cloud-based learning solutions for our customers worldwide, who range from global enterprises, government, and education customers to midsized and small businesses.

Our courses, books, videos, and other learning assets have been developed by industry-leading learning experts to ensure that they build talent and develop a more knowledgeable, productive, and valuable workforce. Our customer support teams draw on a wealth of in-house experience and a comprehensive learning library to develop both packaged and custom learning programs tailored to our customers’ needs.

We currently serve more than 5,000 customers and more than 13 million learners around the world and provide continuing, hands-on support to assist them in maximizing their ongoing success.
A Note From
The Ken Blanchard Companies

The State of Leadership

More than 50 percent of the new jobs created in the economy did not exist just 25 years ago. For the first time in history, there are five generations working together in the workplace. Both these trends have put pressure on organizations to create work environments that foster collaboration and innovation across generations and skill sets. At no other time has the need for a common language of leadership been greater.

Backed by research, Blanchard’s Situational Leadership II (SLII) development model provides a common, universal language across cultures and generations to help people understand each other and work better together. It’s a time-tested model that has been effective for millions of learners globally for more than three decades. The innovations within the learning design continue to engage new generations of leaders as they apply the skills of diagnosis, flexibility, and matching to their daily challenges.

The SLII Experience is an award-winning with high-quality video drama recognized as a new, modern standard for film and video training. The learning design has won top awards in leadership and management training categories.

Teaching at the fast pace of business, learners are immersed in the content quickly and engage in practice- and activity-based learning. Access to the learning portal and the SLII is available to the leader’s work team, which gets them speaking the same language quickly.

It’s a game-changing way to teach leadership and create connection in the workplace. Take a free SLII Fitness Quiz at www.kenblanchard.com/SLII-Fitness-Quiz.

About The Ken Blanchard Companies

The Ken Blanchard Companies is a global leader in workplace learning, productivity, and leadership effectiveness that is best known for its Situational Leadership II program—the most widely taught leadership model in the world. Because of its ability to help people excel as self-leaders and as leaders of others, SLII is embraced by Fortune 500 companies as well as midsize and small businesses, governments, and educational and nonprofit organizations.

Many Blanchard programs for teams, customer loyalty, change management, and leadership development blend the use of assessments with e-learning and instructor-led training. Self-paced e-learning modules are available at Blanchard Online Learning—a cloud-based curriculum that is interactive and easy to use on mobile tablets.

Using best practices based on the company’s continual research, Blanchard’s world-class trainers and coaches support people in making the shift from learning to doing and in driving organization and behavioral change into all levels of organizations.

For more information about Blanchard global locations, visit www.kenblanchard.com or call 760.489.5005.
DATA SOURCES

Data Presentation

This report presents data in several groupings against which learning professionals can benchmark learning investments and best practices in their organizations. The two major groupings (or comparative categories) are consolidated responses and ATD BEST Award winners (BEST).

ATD’s State of the Industry report (SOIR) is produced annually by ATD Research. The information presented reflects organizational data that was reported for the previous year. In this report, the 2014 SOIR presents organizational data submitted for calendar or fiscal year 2013.

Consolidated Responses

The consolidated responses include all the organizations that submitted data for a particular year. Respondents submitted their data using an online survey.

BEST Award Winners

The ATD BEST Awards program, which was initiated in 2003, recognizes organizations that demonstrate a clear link between learning and performance across the enterprise. Different organizations win BEST Awards each year, which consequently affects the organizational demographics of the winners.

BEST organizations covering the spectrum of size, sector, and industry compete annually for the award. Competitors are judged and selected blindly, resulting in different winners each year. Historical BEST data is provided for comparative purposes only. Because of the unique composition of each year’s BEST winners’ sample, aggregates and averages can vary significantly from year to year.
As in previous years, the 2014 BEST winners submitted quantitative and qualitative information, and were selected according to the following criteria:

» **Learning has an enterprise-wide role**: shown by involvement at the executive level in creating solutions to business issues and in setting organizational strategy.

» **Learning has value in the organization’s culture**: demonstrated by learning opportunities for employees, the involvement of C-level leaders, using learning for the growth of the organization, and fostering innovation.

» **Learning links to individual and organizational performance**: including alignment with the business, efficiency, measurement of its effectiveness, and demonstrating success with non-training solutions for business needs.

» **Investment is made in learning and development initiatives**.

BEST Award applicants completed the same quantitative survey key indicator questions as other participants, which permits direct comparison of those indicators for each year. The ATD BEST Award applicants also completed a separate qualitative survey.
Organizations that submitted their annual data as part of ATD’s ongoing benchmarking programs. From 1999 to 2003, this combined set of responses included data from the ATD Forum and ATD’s Benchmarking Service (BMS). In 2004, data from the ATD BEST Award-winning organizations were also included in the consolidated set. In 2005, the BMS was phased into ATD’s new WLP Scorecard, so consolidated data are not available for that year. The 2006–2007 consolidated responses include data from the WLP Scorecard users, the Forum organizations, and the BEST organizations. Consolidated responses from 2008 forward have been collected via an online survey that is open to all industry professionals.

### TABLE 1: DATA SOURCES

<table>
<thead>
<tr>
<th>Data Source</th>
<th>Samples</th>
<th>Average Number of Employees</th>
<th>Average Payroll $M</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013 (n = 340)</td>
<td>16,719</td>
<td>$1,016</td>
<td></td>
</tr>
<tr>
<td>2012 (n = 475)</td>
<td>20,612</td>
<td>$925</td>
<td></td>
</tr>
<tr>
<td>2011 (n = 461)</td>
<td>15,095</td>
<td>$2,318</td>
<td></td>
</tr>
<tr>
<td>2010 (n = 412)</td>
<td>28,167</td>
<td>$982</td>
<td></td>
</tr>
<tr>
<td>2009 (n = 304)</td>
<td>13,728</td>
<td>$880</td>
<td></td>
</tr>
<tr>
<td>2008 (n = 301)</td>
<td>15,849</td>
<td>$1,498</td>
<td></td>
</tr>
<tr>
<td>2007 (n = 316)</td>
<td>17,825</td>
<td>$1,128</td>
<td></td>
</tr>
<tr>
<td>2006 (n = 221)</td>
<td>27,549</td>
<td>$1,116</td>
<td></td>
</tr>
<tr>
<td>2004 (n = 246)</td>
<td>14,699</td>
<td>$3,960</td>
<td></td>
</tr>
</tbody>
</table>

**BEST = ATD BEST Award Winners**

Organizations that were recognized by ATD for their exceptional efforts to foster, support, and leverage enterprise-wide learning for business results. BEST organizations compete annually for the BEST designation, and they cover the spectrum of size, sectors, and industries. Competitors are judged and selected blindly, and therefore each year’s winning sample is unique from the previous year’s sample. Historical BEST data are provided for comparative purposes only. Because of the unique composition of each year’s BEST winners group, aggregates and averages can, and in many cases should, vary significantly from year to year.

| **BEST** | | |
| 2013 (n = 33) | 51,809 | $2,555 |
| 2012 (n = 28) | 48,314 | $2,484 |
| 2011 (n = 30) | 33,678 | $2,025 |
| 2010 (n = 32) | 24,875 | $1,392 |
| 2009 (n = 31) | 31,945 | |
| 2008 (n = 39) | 21,358 | |
| 2007 (n = 40) | 28,763 | |
| 2006 (n = 42) | 25,269 | |
| 2005 (n = 39) | 60,386 | |
The 2014 State of the Industry report sponsored by Skillsoft and Ken Blanchard Companies paints a picture of an industry that is stable and consistent. A diverse group of 340 organizations of various sizes, industries, and locations submitted their 2013 training and development efficiency and expenditures data to be included in ATD’s 2014 report.

In 2013, organizations on average spent $1,208 per employee on training and development. This is a 1 percent increase from last year ($13 more per employee). The number of learning hours used per employee also slightly increased to 31.5 hours from 30.3 hours.

The World Economic Outlook (WEO) Report, April 2014 published by the International Monetary Fund (IMF) reported that global activity is strengthening and is predicted to improve further in 2014–2015. The IMF reports that “Global growth picked up in the second half of 2013, averaging 3⅓ percent—a marked uptick from the 2⅔ percent recorded during the previous six months.” However, low inflation rates in advanced markets are a concern for continued growth and recovery. In advanced markets, inflation was on average about 1.5 percent, while emerging markets and developing countries saw inflation of about 6 percent in 2013.

The data reported in the WEO report support the observation that organizational investment in training and development is at a healthy level compared to years past. With low inflation rates and a stabilizing economy, organizations are maintaining their investment in training and development.

Efficiencies and Expenditures

The average direct learning expenditure per employee was $1,208 in 2013. However, many factors influence this number for an organization. The organization’s size and the industry it operates in are two significant influencers. Small organizations with less than 500 employees spent on average $1,888 per employee, whereas midsize organizations with 500 to 9,999 employees and large organizations with 10,000 or more employees both spent $838. However, the latter organizations do not always evenly distribute training dollars among their employees. Large organizations have substantial direct learning expenditure budgets, but typically spend less per employee because the cost to develop and maintain the training is spread among more employees. It is also worth noting that employees at large organizations participating in this report received more training hours than their counterparts at mid-size organizations. On average, large organizations report that their employees received 36 hours of training (approximately 4.5 days). Midsize organizations report that their employees received 27 hours of training (nearly 3.5 days). Thus, at the same direct learning expenditure per employee, large organizations were able to provide an extra day of training to their employees.