



Dave Letts on training outsourcing

Can an outsourced training provider perform at the same level as your internal training team? David Letts is general manager of [Raytheon Professional Services, LLC](#), a subsidiary of Raytheon Company that provides outsourced training services to learners in 100 countries and 30 languages. In this interview, he discusses the concerns companies have about outsourcing their training, and describes how an outsourcing advisor can help develop a winning RFP.

Training outsourcing has been in the spotlight for about five years now. To what extent have we reached a tipping point in the acceptance of training outsourcing as a business strategy?

There're several well documented examples of successful training outsourcing engagements, so the business case exists. We've seen them in our own work with clients. However, I'm not sure most people are there emotionally. As with many arguments, you can find data to support your position. When I look at the data, there's no doubt that training outsourcing has created good value for many organizations, but it's not yet commonly accepted that training outsourcing is the best approach for increasing the value organizations derive from their learning function.

Why the reluctance for some leaders to explore training outsourcing more fully?

Some leaders aren't aware of the examples of success. Other leaders work in business cultures that generally resist outsourcing. They raise several concerns: How will the training be controlled? Will quality diminish? Can an external provider really perform at a level higher and at a lower cost than the internal team? What happens to the leaders currently responsible for training? What happens to their training professionals? These questions are valid. The key is to develop a business case that financially supports an outsourcing engagement and that addresses these concerns. We have no doubt that we can respond to these questions when working in partnership with clients.

When you look back on how companies have engaged RPS in selecting a training outsourcing provider, what do you see as the critical success factor?

Our best sourcing experiences have included discussions between the client and RPS before the client goes to a request for proposal (RFP). The discussions enable us to get really clear about what the client is trying to accomplish and what kinds of options they're open to considering. In one of our larger pursuits, for example, the client asked us to write a series of white papers examining the client's core training issues. We then met with the client in full-day discussions to review each white paper and help them zero in on their optimal approach. We had a better idea of their concerns and objectives, and they had a better idea of how to frame things. Clients who don't engage providers or advisors before developing an RFP run the risk of providing incomplete data in their RFP or creating a guessing game with the providers, sometimes resulting in proposed solutions that miss the mark.

You mention outsourcing advisors. What recommendations do you have for clients thinking about using an advisor?

Engaging an outsourcing advisor can be very helpful in creating the business case for outsourcing, developing the RFP, identifying providers to invite to submit proposals, evaluating provider responses and negotiating the outsourcing agreement. The advisor should help clients get clear on what's important to them – what a successful outsourcing engagement

looks like. The advisor should be able to tell clients what kind of information they should share with providers so a proposal can be developed with the least risk and greatest amount of valuable detail. We suggest that clients spend a lot of time with the advisor. Go through the data. If clients think it'll take two months in working with an advisor from concept to RFP issuance, it'll probably take longer. Also get clear on how the client and advisor will work together. For example, we use a tool called a RASI chart, an acronym that stands for responsibility, authority, support and inform, to reach a meeting of the minds on who's doing what. The intent of the chart isn't to point fingers, but to encourage productivity and set expectations.

What recommendations do you have for outsourcing advisors?

I understand that advisors represent the client, and their allegiance should be there. The best advisors we've seen really strive for a balanced, "win/win" approach for both the client and the provider. They communicate interests well, and they're fair to both parties. One of the most critical roles for advisors is to help clients pull together the data that'll enable providers to draft their best proposals. The more of the right data that can be provided, the less risk there will be in the proposal. For example, we received an RFP a couple of years ago in which the client told us they had a particular training need in Asia. The RFP didn't specify which Asian countries were in scope, and most of us know that training costs can differ dramatically across the various Asian countries and cities. It wasn't until the due diligence phase that we received clarification. We ended up making assumptions that changed pricing significantly once the training requirements became clear.

You mentioned training in Asia. Geographically, where are you seeing the greatest opportunities for growth in training outsourcing?

We're seeing growth in all markets where we operate – Europe, Asia, Australia and North America. We see significant opportunities in areas where clients want to expand in a region but don't have an existing training infrastructure or capabilities. Because it doesn't always make sense to pursue an investment, they tap into ours or they seek to have us establish an infrastructure where we may not already be operating. This is occurring for us significantly in Russia, China and India. We're using local resources in these countries to provide services to local clients.

Many training providers go to market as part of a broader HR outsourcing (HRO) capability, while others, like RPS, are training "pure plays." What

are the advantages of pursuing a training outsourcing engagement separate from a larger HRO engagement?

Training tends to be a minor piece of an HRO engagement, with efforts focused on transactions rather than transformation. By segregating training from the rest of an HRO engagement, training tends to get the energy, budget, expertise and attention it deserves.

How does talent management play into training outsourcing engagements?

Talent management has gotten a lot of attention at training conferences and in training webinars and magazines, and there's been some very good research and analysis provided on the subject. When clients raise talent management, we tend to frame our solution as a key enabler in helping a client implement their talent management strategy.

What are the characteristics of your best training outsourcing engagements?

Our best engagements are those in which clients don't see us as a vendor. We find the vendor reference reflects an "us vs. them" mindset, one in which there's not a partnership relationship. In our best engagements, we also have an open dialogue with our clients about how well we're working together. There's also a good amount of flexibility, recognizing that requirements change and that the contract can be revisited and revised when necessary.

What distinguishes RPS from other training outsourcing providers?

We hear from clients that they appreciate our focus on customer intimacy, on continuously understanding what they're trying to accomplish as a business and then flexibly adapting our capabilities to meet their needs without requiring changes to the contract each step of the way. It reflects a true partnership, a willingness to let the guard down. The partnership is seen, for example, in the trust clients display in providing us access to their new product and engineering data before the product is released, all with the aim of helping us ensure training is available at or before new product launch. Trust was also demonstrated in a meeting we coordinated in the U.S. between a potential client from Europe and an existing client in the U.S. We offered to step out of the room during a good portion of the meeting, enabling the two groups to talk without RPS present. I understand it was a candid discussion. The potential (now new) client appreciated the input they received from our existing client, and they were also surprised at our willingness to enable the discussion in confidence. This trust is what we really strive to achieve with clients.