

2020

CONTRACT TRAINING UPDATE



"Information That Works!"

LERN 2020 CONTRACT TRAINING UPDATE

Every year, LERN examines and assesses the continuing education contract training industry and produces a Contract Training Update. LERN's data and information is collected from successful North American contract training teams.

Contract training is the selling and delivering of challenge or new opportunity-based solutions to businesses, government agencies and other organizations. Over 95% of higher education institutions sell contract training. When contract training is done right, a contract training unit can increase contracts sold, income generated and its bottom line.

LERN Introduces Industry Contract Training Model

Over the last five years LERN has worked with the leading contract training units to develop a LERN Contract Training Model units can use as an example to follow and emulate.

The LERN Contract Training Model includes eight components:



For each component, LERN has developed models, best practices and strategies that contract training units can implement to improve performance. LERN trainings, publications, webinars and other contract training-specific services teach the LERN Contract Training Model components.

The Latest Statistics

For 2019, LERN surveyed North American contract training units and learned the following:

- **51%** reported income up, **25%** reported income flat and **24%** reported income down.
- **62%** reported having at least one person who dedicated **50%** of their time selling.
- **22%** reported that more than **50%** of their revenue came from non-training services, supporting the growing shift from information to solutions.
- **52%** reported that manufacturing was the industry sector generating the most income.
- **4%** reported income greater than \$3 million; **10%** between \$2 million - \$3 million; **10%** between \$1 million - \$1.99 million; **23%** between \$500,000-\$999,999; **17%** between \$250,000-\$499,999; and **36%** less than \$250,000.

THE YEAR OF MORE

LERN has identified 2020 as the *Year of More* for contract training. Thanks to higher education institutions being more attuned to the importance of contract training and the outstanding work being done by contract training staff, contract training's importance is growing. To support contract training growth contract training teams are focusing on "more" as a mantra.

1. More Important. As a revenue and net generator, visibility initiator, new product and service incubator, and new way of operating model, contract training teams are becoming more crucial to their institutions and communities. Contract training teams are successfully identifying industry needs and developing solutions, while at the same time running efficient and effective operations. The work being done by contract training teams is being recognized as essential.

2. More Creative. In order to better serve an array of clients, contract training teams are being more creative about the products and services they develop, as well as their delivery methods. The shift from information to solutions has occurred, and contract training teams are providing clients comprehensive solutions with significant return-on-investment opportunities. Solution services now include coaching, project management, research and much more.

3. More Data-Driven. Contract training teams are more focused on data collection, analysis and reporting so data-driven decisions can be made. They are identifying their average contract fee, operating margin and leads-to-contract ratio, and they are taking steps to improve all three. They are implementing comprehensive customer-relationship management systems and generating pipelines. The data being analyzed is allowing contract training teams to do more in-depth client analysis.

4. More In-Depth. No longer are contract training teams interested in just providing off-the-shelf training. Serving clients means that a more in-depth organizational, occupational and individual needs assessment is being administered and all-inclusive solution statements are being generated. The goal is no longer to sell to more clients, but instead to sell more solutions to fewer clients; which is more profitable and allows the contract training team to focus on their paramount areas of expertise.

5. More Profitable. The contract training operating margin benchmark is 55-60%, but more contract training teams are pricing to produce operating margins higher than 60%. With an improvement in operating margin and overall sales, contract training teams are now generating nets that are exceeding 25%. These funds are being used to invest in new products and services, as well as staff to support continued growth.

6. More Selling. Even smaller staffed contract training teams are finding ways to increase the amount of time they are selling. For example, contract training teams of two people are splitting up the selling and implementation duties. Also, pre-work research and discovery is being done so time is not wasted on cold calls. Lead generation is becoming more important, so lead campaigns are being implemented.

7. More Collaboration. Flying under the radar is no longer a good strategy. It is clear that collaboration plus innovation equals inclusion. Contract training teams are collaborating within their institutions and their industry communities. By demonstrating their ability to be innovative, contract training teams are being included in important discussions guiding the future impact of contract training efforts.

8. More Referrals. With repeat rates of 50-70% and closing a new client taking nine to 12 months, referrals have become more important. Contract training teams are using quality assurance meetings after the delivery of a contract not just to request additional business but to ask for referrals as well. A referral is a warm lead supported by an advocate and has a higher rate of success. Contract training teams are implementing referral best practices to increase their number of referrals.

9. More Fun. As contract training teams implement contract training best practices, they are finding that being successful with contract training is not just easier and less stressful, but also more fun. When staff feel good about the services they are providing and can focus on what they do best – sales operations, product development or inside sales – they enjoy what they are doing and that attitude permeates the team, the continuing education unit, their institution and their industry clients.



SUCCESS OVER THE NEXT THREE YEARS

Only 25% of contract training units do contract training right. Why? Staff are not trained in contract training best practices, contract training units are not allocated the staffing and curriculum resources required, and academic institutions do not understand contract training and are not willing to invest and support the unit's need for operational flexibility.

A LERN survey of contract training leaders highlighted the following important contract training strategies being used for present and future success:

- Having the right technology is a must. The contract training unit needs a customer relationship management system, as well as software that can manage digital marketing and the proposal to delivery process.
- Needs assessment and providing solution statements is required more than ever. Whether the needs assessment is of the business, a business occupation or individual employees, needs assessment best practices must culminate in a solution statement.
- Increase the value of a contract by adding services. Contract training units focused on solutions are adding services to their contracts such as follow-up consulting or improvement check-ins to demonstrate why they are a client's best choice.
- Lead generation is a must. No longer do contract training units have too much business. Increased marketing, free events and time dedicated to potential client discovery is growing. Having salespeople do cold calls does not work; if you want more sales, give them warm leads.
- Educating your institution is more important than ever. Contract training units need to demonstrate their value to the academic institution, as well as the community. Advisory councils or boards are being developed to support community outreach and institutional awareness.
- You cannot be everything to everyone. Contract training units are selecting the three to seven areas of expertise (product/service and/or industry) and focusing on two things: generating a greater market share and generating more sales per client.
- Documenting and following a contract training sales and delivery process is a must. Contract training units are working hard documenting policies, processes and procedures, and ensuring all staff understand and follow them.
- Clients want to get the best return on investment possible. To ensure they are, contract training units are measuring and documenting training outcomes. Opening agreements and documented results throughout the contract or at the end are becoming more of a necessity.

CONTRACT TRAINING INDUSTRY TIPS

During a discussion of contract training leaders at LERN's 2019 Annual Conference in San Diego, the following four industry tips emerged:

1. Delivery. There is a rising demand for more micro-training sessions. A series of half-day seminars spread out over several weeks are more common now than back-to-back full-day training sessions. In addition, contract training programs are seeing a rise in short (1-2.5 hours) online training series. With the use of tools like Blackboard and Zoom, there is more interest in live online training in short bursts extended over several weeks. With short sessions there is also growth in more applicable take-aways between sessions.

2. Average Contract Fee. It takes as much energy to deliver a \$500 contract as it does a \$5,000 contract. If you are selling \$500 contracts, it takes 10 times the energy to get to \$5,000 than by selling one \$5,000 contract. Contract training units are tracking their average contract fee and, by doing better pricing and adding value to contracts, are working to increase the average contract fee.

3. Content Relevancy. A significant challenge for contract training units is making sure the content of existing products and services is current and relevant. Contract training units are also struggling to allocate time to developing new products and services that will generate required sales and operating margins over the next three years. Subject matter experts are being leaned on to update content, and contract training units are working to make smart decisions about content to own or not own.

4. Vision. Being successful in contract training is not easy. Every day is different and most days can be chaotic. It is important every year to take at least a half-day to gather and set a three-year vision. What will the contract training unit look like in three years in terms of measurables, staffing, product and service areas, improvements, and other areas impacting long-term success?

CONTRACT TRAINING BEST PRACTICES

Best practices are a set of guidelines or ideas representing the most efficient or prudent course of action in a given business situation. This past year, contract training professionals have identified the following as some of the most important contract training best practices:

- Price for a 50%+ Operating Margin
- Dedicate Staff to Only Contract Training
- Someone Needs to Sell
- Utilize Lead Generation Campaigns
- Utilize Relationship Building and Consultative Selling
- Offer Needs Assessment-Driven Solution-Based Products and Services
- Diversify Delivery Methods
- Utilize Customer Relationship Management Software
- Define and Follow Lead to Quality Assurance Sales Process
- Analyze Clients
- Be Experts, Not Generalists
- Use Proposal and Contract Templates
- Generate Data-Driven Reports
- Target Client Sectors with Sales Kit and Webpage



CONTRACT TRAINING CORE PROCESSES

A core process includes a set of related and independent procedures that must be performed to ensure a contract training unit's productive operation.

Ideally, a core process (a listing of the core process' steps) should be documented in one page, including a graphic diagram.

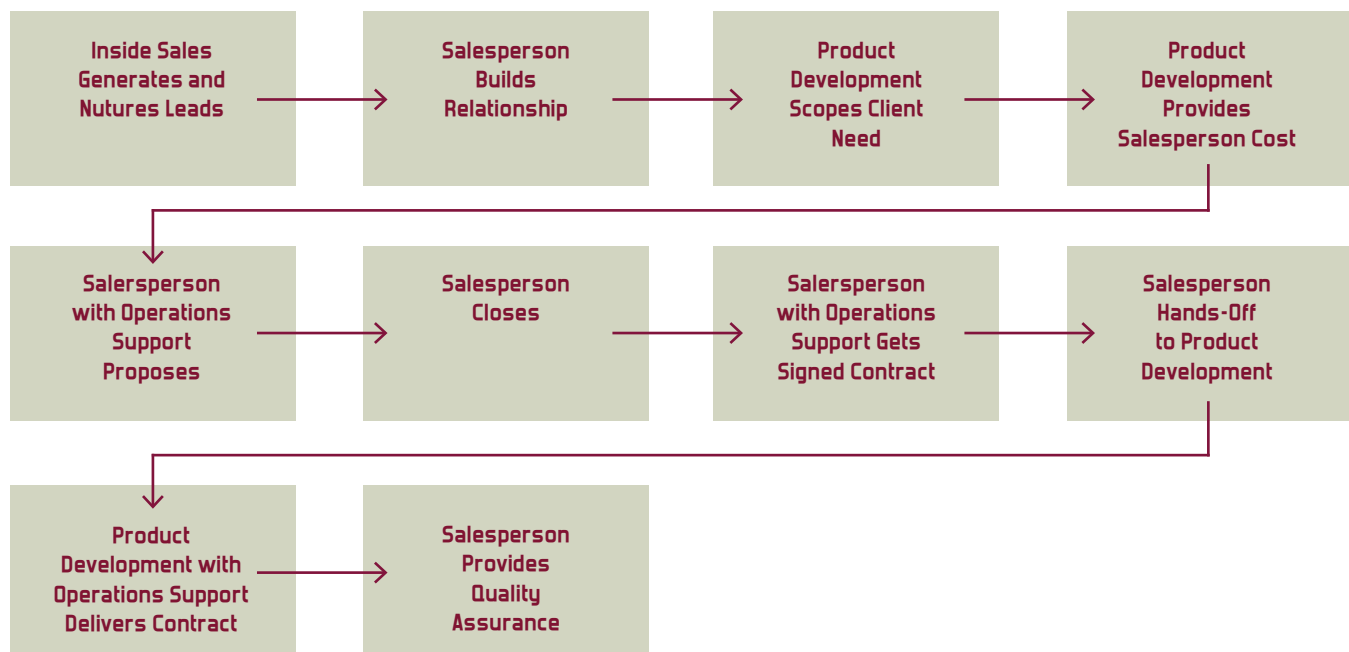
The following are the most common contract training core processes:

- Lead Generation: Prospects, Leads and Contracts
- Needs Assessment
- Pricing
- Instructor Recruitment, Onboarding and Evaluation
- Contract Handoff for Delivery
- Quality Assurance
- Proposal Development and Delivery
- Contract Development, Delivery and Closure
- Pipeline Development, Management and Forecasting
- Sales Kit Production
- Website Design and Production
- Planning: Vision, Strategic and One-Year Business Plan
- Data Collection, Analysis and Reporting
- Client Analysis
- Internal Marketing
- Meetings and Communication Systems
- Budgeting, Budget Control and Finance Reporting
- Grant Management
- Invoicing and Accounts Receivable

It is also important that a contract training unit has a proven process that supports the high-level contract training process from lead generation to quality assurance.

The following LERN Sales Process is an example of a contract training proven process.

LERN SALES PROCESS





SMALL CONTRACT TRAINING UNITS' SUCCESS FACTORS

A small contract training unit is one with less than three staff and, usually, these characteristics;

- Staff are accountable for both open enrollment and contract training;
- No one is selling more than 20% of their time;
- The unit is not recognized as critical by their institution.
- The unit has limited access to product development support.

With 60% of contract training units considered small, the following are 13 small contract training unit success factors:

- 1. Be Realistic.** Set sales goals by taking your average growth or decrease the last three years and adding to or subtracting from your sales goal for the year you are in.
- 2. Be Balanced.** You cannot be everything to everybody. Focus on no more than five product or service areas and/or industry sectors, and work to be the expert.
- 3. Repeat Rate.** It takes nine to 12 months to close a new client. You must have a client repeat rate from one year to the next of 50-70%.
- 4. Split Duties.** Even with two people, it is best to have one person sell and one person handle delivery. Having each person handle all aspects of the job allows for very little selling time.
- 5. Important Numbers.** Work to increase your average income per contract and to reduce your lead-to-contract ratio.
- 6. Price for Profit.** Make sure your delivery costs are no more than 50% of your selling price.
- 7. Solutions and Benefits.** Even if it is just an email, provide clients a solution statement supported by benefits. Demonstrate your capacity, capability and ability to customize.
- 8. Templates.** Have templates for proposals, client contracts, instructor agreements, reporting and so on.
- 9. Pipeline.** Each week review your pipeline that includes stages, status and percentage complete.
- 10. Quality Assurance.** After a contract is complete, check-in with the client to ensure all went well and to ask for referrals and to determine if there are more opportunities.
- 11. Sales Process.** Agree on and follow a sales process from lead generation to quality assurance.
- 12. Plan.** Each year produce a one-year business plan including goals, budget, benchmarks, lead generation plans and staff responsibilities.
- 13. Vision.** You are small but have a vision of what you want to look like. Determine what you can realistically look like in three years.

ADVICE FROM CONTRACT TRAINING EXPERTS

LERN is thankful to contract training experts Eric Johnson, Amy Lasack and Rod Holt for their willingness to share their knowledge and experiences with North American contract training professionals. Each year they gather to identify what they believe are the most important contract training trends.

Social Media in Contract Training: Whether you are a fan of social media or not, it cannot be denied that social media is an influential marketing tool. For contract training units, it is important to embrace social media as a way to get your message out and as a tool to develop relationships with your clients. Each social media platform has very specific roles for contract training units and needs to be treated differently. Contract training units should utilize platforms such as Facebook, LinkedIn and Twitter as tools to share information and sell products, and as a way to create social capital for your sales teams. Facebook is a great platform for clients to get to know your sales teams and, in turn, develop trust and relationships. If your contract training unit isn't already utilizing social media, it is important to start now. Start small, pick a platform, research what other contract training units are doing. Just start now.



Amy Lasack

Apprenticeships Solutions Provider: Contract training units are poised to play an important role with apprenticeship initiatives. For many employers, the thought of entering into an apprenticeship program can be daunting, but contract training units can provide the support these employers need to be successful. Contract training units can not only provide the required training for employers that have apprenticeships, but they can also provide a variety of other services. Does the employer need someone to help build the training plan? Contract training can provide a consultant to work with the company to evaluate their positions and build training plans. Does the employer need training for the mentors to apprentices? Contract training can provide mentor training. Contract training units are well suited to provide solutions for apprenticeship employers.

Loss Leaders: Sometimes you have to spend a little to earn a lot. The concept of loss leaders is one that is becoming a growing need for contract training units. As more and more of our competitors are offering free or low-fee services, we need to adjust our strategies to allow our clients to see the quality of services we can provide. Most people now expect to know what they are buying through some sort of trial experience before writing a larger check. This means offering free or low-cost services such as webinars



Eric Johnson



Rod Holt

or one-day sneak peek events. If you do these events right, and at a high-quality level, follow-up business will result.

Selling Curriculum: As businesses look to streamline their systems, this often includes their training department budgets. One solution for employers is to buy curriculum that they intend to train in-house for the future. While contract training units might initially look at this as long-term lost revenue, this shouldn't be something that contract training units decline to offer. After all, if we do not provide it, someone else will. Instead, offer the service but be smart about how you price it and the clauses you put into the contract. For example, it may be wise to include a clause that states that this curriculum should only be executed by a company employee and, should the employer need a third-party to deliver it, your contract training unit gets first right of refusal. Another item to consider, if appropriate, is to incorporate a train-the-trainer component for the curriculum. This ensures the first delivery of the content is delivered by your contract training unit and your instructor certifies future facilitators.

Corporate University: Businesses are seeing the intrinsic and extrinsic value of developing their own people. As part of their commitment to developing their employees,

they are doubling down on branding their training and development initiatives under a Corporate University flag. Organizations like Walmart and McDonald's have been doing this for a long time, but now small- and medium-sized enterprises are doing the same. As contract training professionals, we can assist businesses in their desire to create an internal corporate university. Contract training units can support Corporate Universities by delivering training as part of their corporate offerings and assisting with the development of training content, training internal instructors, hosting courses on their institution's LMS, micro-credentialing internal training and much more. Contract training units are learning solutions experts – your expertise can help your best clients develop their own Corporate University powered by your contract training unit.

Big Data/Data Analytics/Business Modeling: Data analytics, big data and predictive analytics domains are recognized as having significant and growing importance to organizational performance. In the last three quarters there has been a significant increase in the number of clients asking for training initiatives related to data analytics, big data and business modeling. More resources are being invested in developing content, identifying training partners and seeking subject matter experts to fill the needs of clients.

In-Depth Needs Assessment Fee for Service: Successful contract training units are experts in conducting needs assessments. They have honed the skills of asking the right questions and patiently listening to their client's story. Typically, contract training units conduct needs assessments as part of their sales process in hopes to identify the training gap, propose a learning solution and sign the contract to deliver the training. There is nothing wrong with that line of thinking, and all contract training units should focus on continuous improvement in that area. However, there is a growing trend of conducting in-depth needs assessments for a fee that go beyond the surface of training needs and into the realm of organizational reviews and comprehensive staffing reviews. Experienced contract training units are able to provide a service to their clients that engage them in formal surveys, staff interviews and comprehensive reviews of strategic plans to not only identify training gaps, but also staffing gaps and strategic/operational misalignment. These in-depth needs assessments are a new source of revenue and a way to add another level of service to your training portfolio. Some contract training units are reporting that revenue from fee-for-service needs assessments is making up 30% of their overall revenue and reaching gross margins of 70%. Some contract training units have reported to charge between \$18,000-\$30,000 for these in-depth needs assessments and then identify training needs and contracts on top.

Quality Management: Contract training clients have become much more particular about the quality of the training and services they are purchasing. Quality is critical to satisfying your clients and retaining their loyalty, so they continue to buy from you and share referrals. High-level quality also allows you to charge and maintain higher prices. Yes, quality is about the people providing the training or service, but quality is also about the ability to ensure content is current and relevant, having clear and simple processes and procedures and how you promote yourself. Leading contract training units follow the 3 C's: capability to serve, credibility driven by success with other clients, and offering a customized approach.

Mentorship: Mentorship coaching has been among the most highly requested training in the past six months from peer to peer, manager to subordinate and across department lines. Why the increase in this topic? CEOs and owners are

leaning on internal talent more than ever to help identify and train the next group of leaders, and "growing their own during succession planning" seems to be the main reason. Defining the differences between mentorship and coaching and identifying the client's needs and their ability to execute will help determine the necessary trainings. Trainings can include directly training managers and coaching them to success, or a train-the-trainer model so your clients can conduct the training internally.

Value-Add Services: Finding additional value-add services to complement training continues to be a hot trend. Providing individual coaching, consulting and assessments have been very successful additions to our training programs. Many of these services are relationship focused and, with proper training to facilitators, are inexpensive to launch, require minimal curriculum development, and can help establish long-term relationships with individuals and clients.

Consulting Services: As contract training units grow deeper relationships with clients, the confidence in delivery increases and "behind closed door" conversations begin. Facilitating strategic planning services provides a road map for your client and allows you the ability to build three- to five-year training overviews. These overviews help your contract training unit keep clients on track and your team two steps ahead in providing the professional development necessary for the client's business, government agency or organization to grow through its people.

Expanded Training Post Assessments: Transparency in outcomes, and ultimately effectiveness of professional development programs, has been a growing trend in training and development. C-suite leaders are more engaged in learning and development, have greater access to resources, and are spending more time growing teams and retaining talent than in the past. This education and engagement raises questions on supporting the cost and value of proposed training programs. We need to be prepared today more than ever to have conversation about effectiveness. Although pre- and post-surveys can sometimes be difficult, they are useful tools. Think creatively and develop a matrix to show leaders what they can expect as outcomes from your training. Consider embedding personal assessments into your training where appropriate. DiSC profiles have shown to be extremely effective in our leadership series.

APPRENTICESHIPS ARE HOT

Continuing education programs have been utilizing apprenticeships as a programming delivery method. To support apprenticeship delivery, contract training units have been engaging in selling apprenticeships.

By definition, an apprenticeship is a system of training a new generation of practitioners through on-the-job training, often with some accompanying classroom work and reading study. Apprenticeships can also enable practitioners to gain a license to practice in a regulated profession.

Starting in summer 2020, LERN, along with contract training apprenticeship experts, will be researching, discussing and reporting on contract training and apprenticeships.

Some of the topics to cover include:

- The definition of contract training apprenticeships.
- Contract training's role in apprenticeships.
- How pre-apprenticeships fit in the contract training apprenticeship model.
- The difference between apprenticeships in the United States and Canada.
- Industries most often served by apprenticeships and the most popular apprenticeship topics.
- Best practices for marketing apprenticeships and recruiting businesses, as well as individual students.
- Staffing needs to support apprenticeship selection, development, implementation and evaluation.
- Apprenticeship best practices.

If you are interested in serving on the LERN Contract Training Apprenticeship Advisory Group, contact info@lern.org.



NEW LERN CONTRACT TRAINING PUBLICATIONS

LERN has produced three new contract training-specific publications in the last two years:

Leveraging Your Success for Supercharged Growth: Generating Referrals for Contract Training. Twenty-five percent of your contract training leads should come from referrals. Learn how to generate referrals that lead to sales. Spend more time on warm leads, not cold calling.

Needs Assessment Tool Kit. Understand the definition of needs assessment and the different types. Find out how to implement LERN's 8-Phase Needs Assessment Model. Get checklists, questions to ask and a gap analysis worksheet.

Market Plan Tool Kit. Learn how to market contract training to your institution and potential clients. Find out about competitive analysis, market segmentation, lead generation, building your sales kit and website, and how best to develop digital visibility. Discover how to build a contract training market plan.

For more information about these and other LERN contract training publications, email info@lern.org or call (800) 678-5376

THANK YOU, JKT!



Since the late 1990s, Julia King Tamang has served as LERN's Senior Contract Training Consultant and has been a mover and shaker in providing high-quality contract training "*Information That Works!*" In December, Julia is retiring to focus on her many other passions.

Julia wrote LERN's *Contract Training Manual*, developed LERN's Contract Training Institute and is one of LERN's all-time most popular presenters. Besides being a subject matter expert, Julia's caring heart has been a welcome relief to many contract training professionals needing a well-deserved boost of confidence.

Without Julia's research, writing, presenting and tireless dedication to the contract training industry, LERN never would have become the leading provider of contract training industry best practices, benchmarks, trends and strategies.

LERN CONTRACT TRAINING SERVICES

For more than 30 years, LERN has supported contract training teams of continuing education units by providing products and services that help improve performance.

Contract training has shifted from a narrow focus on training to a broader focus on providing solutions, and solutions selling requires a new skill set. LERN's contract training services have been designed to give you the skill set necessary to increase sales, improve productivity and ensure financial self-sufficiency.

LERN's Contract Training Services include:

Certified Contract Trainer (CCT) Participants complete a face-to-face or online Contract Training Institute (CTI) and they are prepared to take the CCT exam.

Contract Training Conference Besides LERN's Annual Conference, including a contract training track and contract training gathering, each year LERN hosts a Contract Training Conference with sessions developed specifically to support contract training professionals.

Contract Training Tool In the LERN Club, on the LERN website, is a contract training data analysis tool. You prepare the data by following an instruction guide, and then load data and run reports.

Sales Kit & Webpage Critique Your sales kit and webpage are critical tools in the contract training sales process.

CONTRACT TRAINING AWARD WINNERS

This year LERN gave out five Contract Training Awards. Congratulations to winners.

- **Apprenticeship Award.** Central Community College Training and Development. *Grand Island, Nebraska.*
- **Reaching Special Populations Award.** Northeast Wisconsin Technical College Corporate & Economic Development. *Green Bay, Wisconsin.*
- **Videos Award.** Nicolet College Corporate Training Solutions. *Rhineland, Wisconsin.*
- **Collaboration & Innovation Award.** Royal Roads University Professional and Continuing Studies. *Victoria, British Columbia.*
- **Lead Generation Award.** Madison College Corporate Training & Professional Development. *Madison, Wisconsin.*

Get a sales kit and/or webpage critique and learn how to improve what you are sharing with clients.

Webinars & Articles Throughout the year, LERN releases new contract training webinars and articles but also has past webinars and articles archived.

Publications Each year, LERN produces new contract training publications.

Technical Assistance The LERN Team is ready to get you the answer to any contract training question you have. Ask your tough question and we will provide you a resource, get you an answer and/or connect you with a contract training leader.

Program Review LERN's most popular service, the LERN Program Review, is an in-depth and comprehensive review of your continuing education unit including contract training, or just of contract training. Find out what you are doing right and actions you need to take going forward to become or remain a winner. The Program Review can be administered onsite or remotely.

For more information about LERN go to www.lern.org

Learning Resources Network

Founded in 1974, the Learning Resources Network (LERN®), the leading association in continuing education and lifelong learning, collects, analyzes and disseminates course programming, marketing, contract training, operations, finance and other industry "*Information That Works!*"®