



Enterprise Learning 2021 Annual Report

Adapt. Pivot. Respond. Scale.

L&D's New Role in Driving Businesses
Forward in an Uncertain World





A Welcome from Doug Stephen, President, Enterprise Learning Division, CGS

There's no denying that 2020 was devastating in so many ways. And while the road ahead in 2021 looks rocky as well, there's clearer hope for better days. Yet within enterprises, these better days won't last indefinitely without business leaders taking a hands-on approach to transformation. A vaccine can't prevent future threats like technology upending business models or the rise of new players on the global stage taking away market share from established companies. If organizations want to avoid some of the tumult they've experienced over the past year, they need to better position themselves to adapt to whatever changes may come.

Doing so may be easier said than done, but rethinking learning & development (L&D) programs for this new era can go a long way toward future-proofing companies. In 2021 and beyond, businesses will need to find the delicate balance between providing hyper-targeted training for just-in-time learning and providing training that allows employees to become more flexible and agile.

We led this research to help L&D leaders and their stakeholders better strategize how and why they should rethink their training initiatives in this regard, looking at key questions such as:

- + What will drive L&D initiatives in 2021?
- + How are organizations anticipating and responding to change?
- + What are the best practices for redesigning L&D programs to meet new challenges?
- + How are organizations incorporating employees into rethinking L&D programs?
- + What technologies are organizations turning toward to deliver training?
- + In what ways will the pandemic have lasting effects on L&D programs?

We hope this report provides meaningful, helpful insights as your organization tries to make future uncertainty more manageable.

Contents

Section 1

Plan to Be Proactive 06

Section 2

Getting Employees on Board 11

Section 3

COVID's Lasting Effects on L&D Design 17

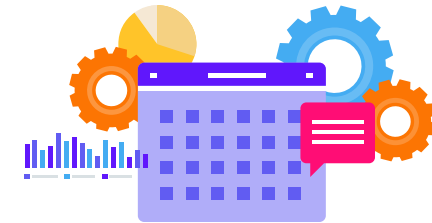
Section 4

Moving L&D Forward 28

Methodology

Who We Surveyed for the 2021 Report 32

Executive Summary: Flexible L&D Is the Future



In last year's annual enterprise learning report, we discovered how organizations are 'learning to learn' in a more digital world. That remains true, but the COVID-19 pandemic has dramatically accelerated the shift toward digital technologies to facilitate remote work and virtual learning. Yet becoming more digital isn't enough. The pandemic has underscored how strategies can be upended in an instant.

As such, organizations may be better served by redesigning L&D programs to be geared more toward building resiliency and flexibility. Instead of drilling too much into a defined work process that could easily shift as the world changes, L&D programs could be more effective if employees work more proficiently with diversity and inclusion tenets at the forefront. In doing so, employees can become more engaged, poised to innovate and better connected to a company's mission, ready to take on whatever challenges present themselves.

In the results of this survey, we find a strong emphasis on employee engagement and getting employee buy-in. For example, in preparation for future needs and trends in learning: 71 percent of L&D leaders are placing a high, or the highest, priority on increasing engagement/employee experience. Businesses are also increasingly incorporating employee feedback into L&D program design.

To better prepare for the future and be more proactive, companies are also making learning more of a continuous process. While that does require increased resources – **over two-thirds of L&D teams have had to spend more than 25 percent of their time redesigning/rethinking learning programs due to COVID** – the payoff comes in being able to respond quickly to future change.



71% of L&D leaders are placing a high, or the highest, priority on increasing engagement/employee experience.

Businesses are also increasingly incorporating employee feedback into L&D program design.

Section 1:

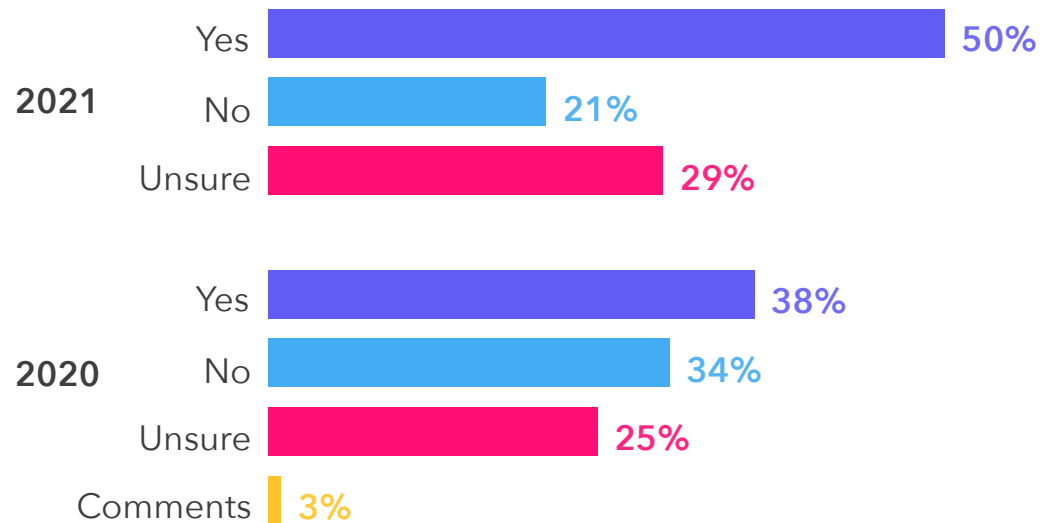
Plan to Be Proactive



The experiences, hardships and lessons learned in 2020 will in many ways shape how businesses approach 2021 and beyond are in many ways, shaping how businesses approach the future. Organizations now understand that they need to be better prepared for whatever twists and turns come their way. Not all crises can be averted, but a more informed, trained staff can more likely navigate economic, social and operational challenges as they arise.

That's likely why 50 percent of companies have a proactive plan in place to handle major events that could affect employees or their internal knowledge sets in 2021, according to our survey. The previous year, only 38 percent had a plan in place.

Do you have a proactive plan in place for handling major events (acquisitions, mergers, technology changes, market shifts) that could affect your employees or internal knowledge set?

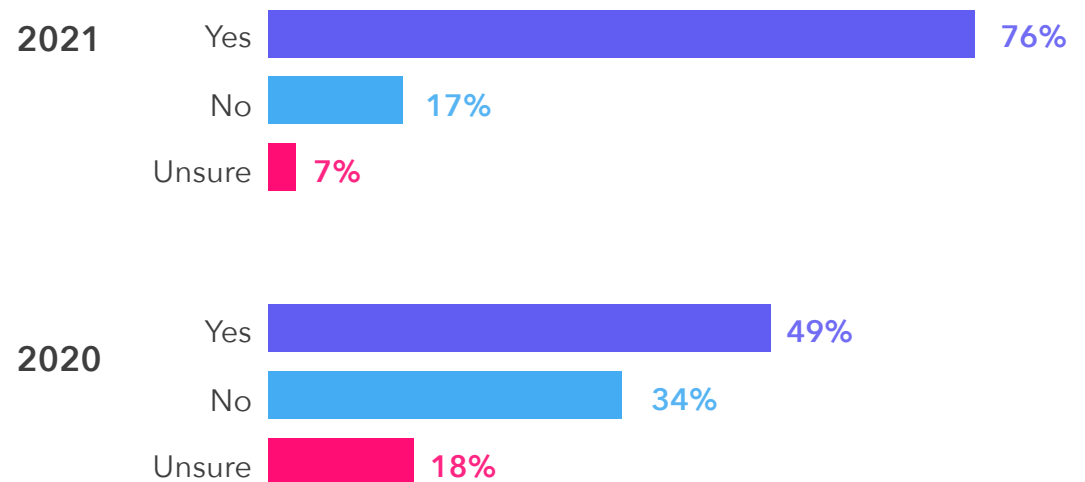


However, smaller companies with fewer than 1,000 employees may not be as ready for unexpected events. Only 38 percent of L&D leaders at these organizations say they have a proactive plan this year, compared with 66 percent of those at organizations with more than 5,000 employees (“larger companies”).

These results align with how businesses view what’s to come. Smaller companies do expect change, just not at the same scale as larger companies. Around half of smaller companies expect current or future market conditions to alter their products or services, compared with around three-quarters of larger companies.

Larger Organizations

Do you expect that current (or future expected) market conditions will alter your company's products or services?



Learning to Change

When we asked operational leaders what will drive their training and learning initiatives, this idea of being better prepared presents itself clearly. In our surveys over the past two years, training and learning strategies tended to stem from the top of org charts. Yet a key difference this year is that L&D leaders are now almost equally focused on external factors as internal ones, whereas in 2020 they were much more inwardly focused. Those that were still scaling their digital operations faced a reality check, and 2020 was a wake-up call for those that hadn't yet started on their Industry 4.0 journeys.

Issues that will drive training and learning initiatives in 2021 ranked in order of importance

- 1 **Executive direction/business manager requests**
- 2 **Needs or gap analyses**
- 3 **New external factors (e.g., change, disruption, competition)**
- 4 **Continuing or new work-from-home options**
- 5 **Outdated tech/materials, manuals, formats (e.g., Flash retirement)**
- 6 **New internal processes**
- 7 **Employee feedback/requests**
- 8 **New diversity and inclusion initiatives**
- 9 **Change in business (e.g., new hires, M&A, retiring employees)**

New Research from McKinsey aligns with our findings.¹ McKinsey's global survey of more than 800 executives reveals that companies are prioritizing business building for organic growth, launching new businesses at an accelerated rate and, in turn, growing faster. The strongest companies are also reinventing themselves through new operating models, capitalizing on this malleable moment and the resulting spread of agile processes, nimbler ways of working and increased speed and productivity.

With the emphasis on external factors also comes a deemphasis on areas such as gap analyses and looking at personnel changes. That's not to say that these are no longer important, but this year's survey results could signify that training initiatives can only focus so much on areas that can change at a moment's notice. A company's gaps in February 2020 likely looked a lot different a month later, as did the protocols for training new employees. Instead, training initiatives generally need to be more geared toward building resiliency, by helping employees develop adaptable skills and understand how their roles may change because of external forces.

Upskilling and reskilling in more versatile ways can also help companies meet undefined needs. A McKinsey global survey finds that:



87% of executives are noticing skill gaps in their companies or expect them in the next few years. Yet less than half of executives know precisely how to address this issue.²

If those skills gaps remain somewhat unclear, L&D's role in helping employees develop flexible skills could go a long way toward meeting changing business challenges.

Section 2:

Getting Employees on Board

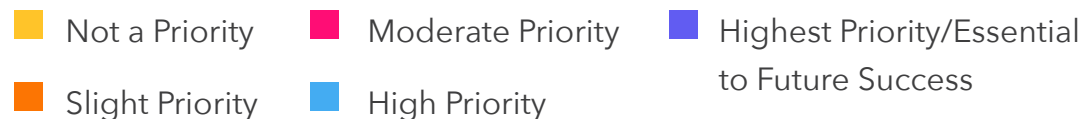


Recognizing the need to prepare for the volatility, uncertainty, complexity and ambiguity (VUCA) that's likely to present itself in multiple ways throughout 2021 and beyond is one thing; actually figuring out what to do to prepare is another. While much can be company-specific, depending on factors like size, sector and region, one common thread seems to be that employees need to be engaged enough to respond to VUCA.

Employee engagement not only boosts employees' own well-being, it can help companies weather tough storms like the one many are going through today.

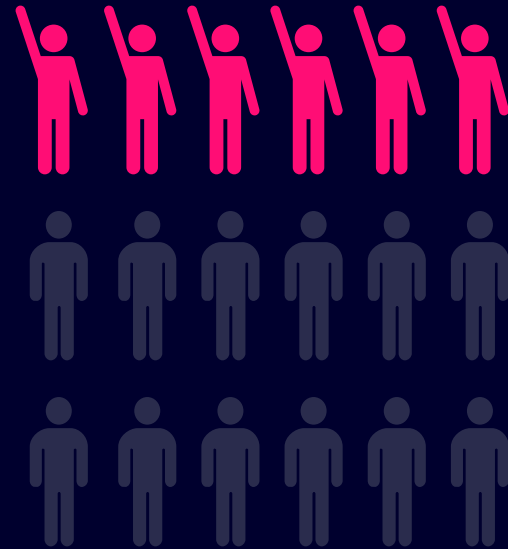
"Business units are at an increased advantage and more resilient than their peers if employee engagement is strong. And they are at an increased disadvantage and less resilient if employee engagement is weak during a recession," finds Gallup.³

Emphasis L&D Leaders Are Placing on Increasing Engagement/Employee Experience



Nearly three-quarters of L&D leaders are placing a high, or the highest, priority on increasing engagement/employee experience, more than any other area.

Another aspect of getting employees moving in the same direction is making everyone feel included and working toward a worthwhile mission. To that point, with racial justice movements building momentum across the U.S. and beyond, we looked at a new area this year, seeing if diversity and inclusion initiatives will drive future training and learning strategies. As it turns out, one-third of L&D leaders already say that as they work on plans with line of business executives this year, diversity, equity and inclusion (DEI) ranks as one of the three top priorities or metrics. As these programs continue to develop and scale, we see this as becoming a driving force in L&D for years to come.



One-third of L&D leaders say that as they work on plans with line of business executives this year, diversity, equity and inclusion (DEI) ranks as one of the three top priorities or metrics.



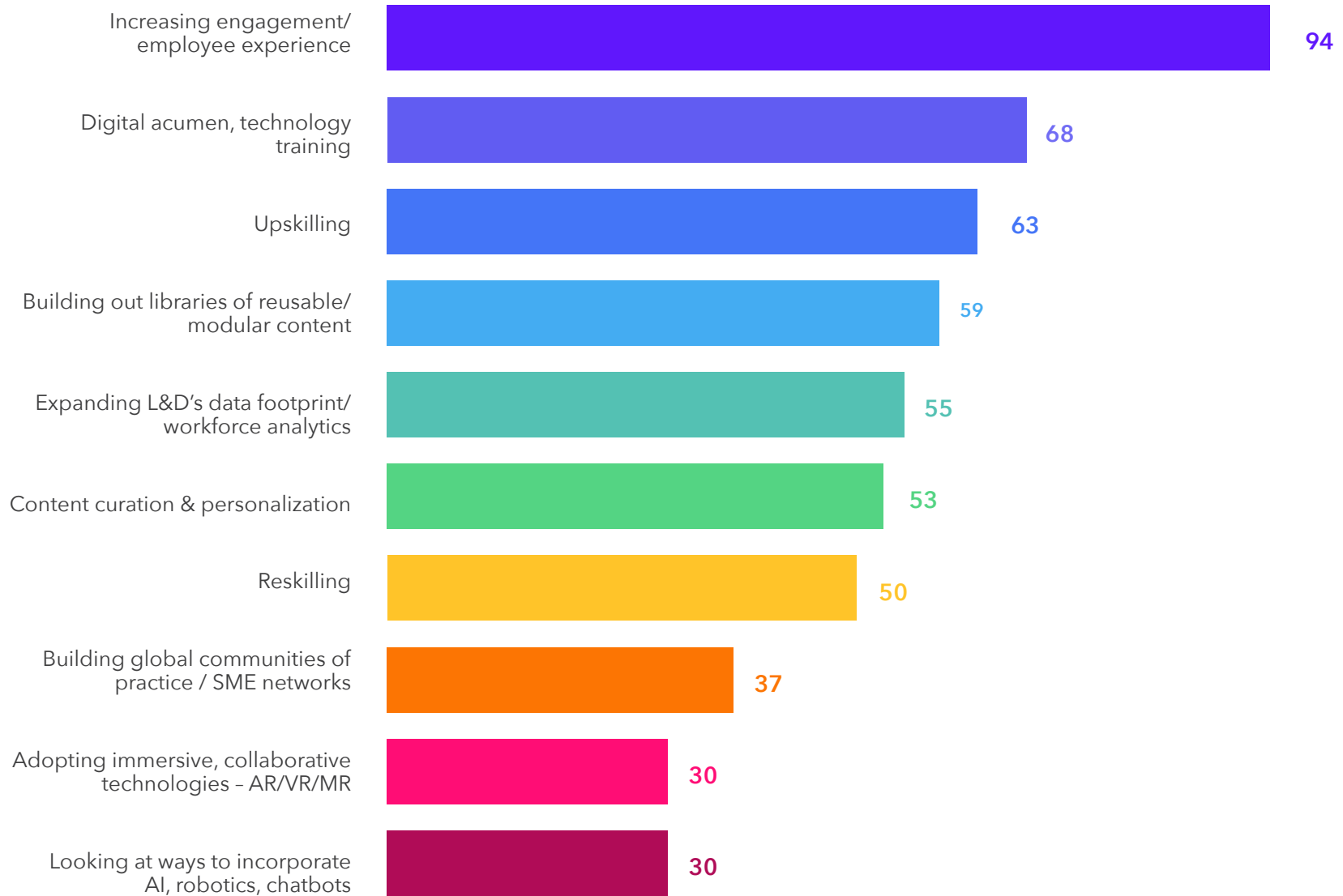
“Even in normal times, L&D should be a priority. Due to the speed at which society and technology are changing, the need for continuous learning, including reskilling and upskilling, has never been greater.”

- **Grant Freeland**, senior partner at BCG, *Forbes*⁴

The Adaptability Advantage

Organizations are increasingly focused on making learning an ongoing part of employment, rather than a once-a-year, check-the-box exercise.

How L&D Teams Plan to Prioritize their Efforts (ranking frequency distribution)



This new, more on-demand way of providing learning and training, while also becoming more adaptable to external changes as a whole, certainly isn't easy. Yet it can be a blessing in disguise. Nearly three-quarters of chief financial officers think that dealing with the pandemic will ultimately strengthen their companies by increasing resiliency and agility, according to a June 2020 PwC survey.⁵

"Companies that adapt their business models, listen to their customers, adjust their offerings and innovate to drive a strong top line will be the ones that succeed," PwC notes in its report.

If businesses only rolled out learning initiatives annually, those lessons could easily become irrelevant within a few weeks. Or, employees might not receive the information they need fast enough to help evolve business models, even if they're highly engaged and willing to put in the effort needed to change.

A retail company that released a learning module in December 2020 on meeting customers' eCommerce demands would likely have been better served by sharing that throughout 2020 as circumstances surrounding consumer behavior changed. For what it's worth, this sector proves to be on board with flexible learning. **Half of surveyed L&D leaders in retail expect to roll out learning initiatives on a continuous basis, which is approximately the same rate as those in technology.**⁶

"The COVID-19 crisis has undermined most of the assumptions of the traditional planning cycle," notes McKinsey.⁷ "Managers thus find themselves working in ways unsuited to a highly uncertain environment. They know what they need: flexibility, the capability to act collectively, quickly and across the whole organization as challenges arise."

Section 3:

**COVID's
Lasting
Effects on
L&D Design**

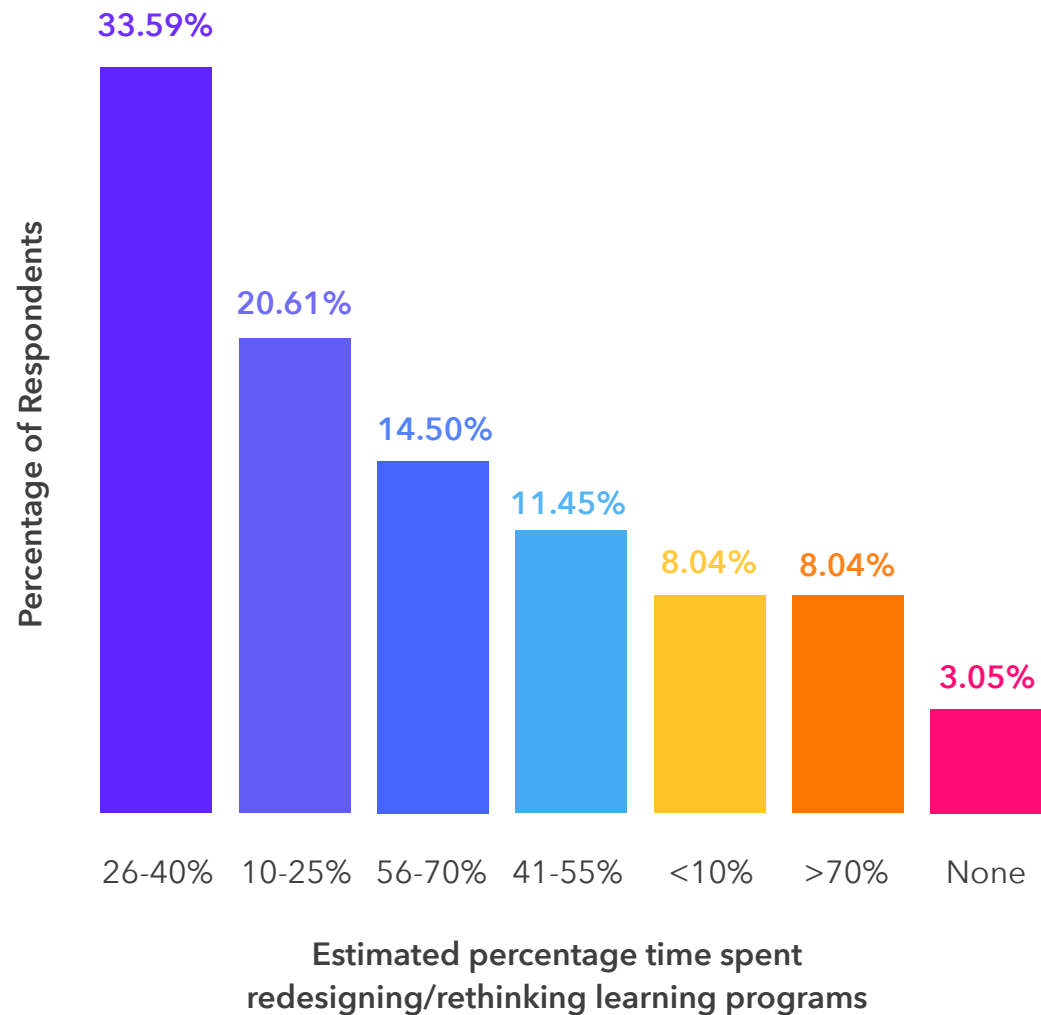


While much of what lies ahead remains unknown, the pandemic will likely have lasting effects on how companies approach L&D. The specific types of training used will need to be adapted to fit whatever challenges a company faces, but that can't happen unless companies first build flexible L&D programs.

That's likely why over two-thirds of L&D teams have had to spend more than 25% of their time redesigning and rethinking learning programs due to COVID. Moreover, approximately one out of three L&D teams have had to spend more than 40% of their time in this regard.

Yet this time shift is unlikely to be a one-off event. The pandemic has been an unusual, extraordinary event, to say the least, but it underscores how companies and their staff need to be ready to shift at a moment's notice.

As a result of COVID-19, what is the estimated percentage of time that your team has had to spend redesigning or rethinking your learning programs?



“Providing more varied, adaptive and flexible careers helps employees gain the cross-functional knowledge and training necessary for more flexible organizations. Additionally, organizations should shift from trying to ‘predict’ (targeting a specific set of future skills) to ‘responding’ (structuring such that you can quickly course correct with change).”

- **Brian Kropp**, Distinguished HR Expert & Vice President, *Gartner*⁸

Learning Goes Digital

In redesigning and rethinking learning and training programs, the majority of L&D leaders have recognized the need to shift to more digital technologies to facilitate continuous, flexible learning. What worked in the past – in terms of logistically delivering content to employees and effectively engaging with staff – may not work as well in this new era.

“Our content requires extensive hands-on interaction. We have had to figure out how to maintain a level of effectiveness through current virtual platforms,” explains one of our surveyed L&D leaders.

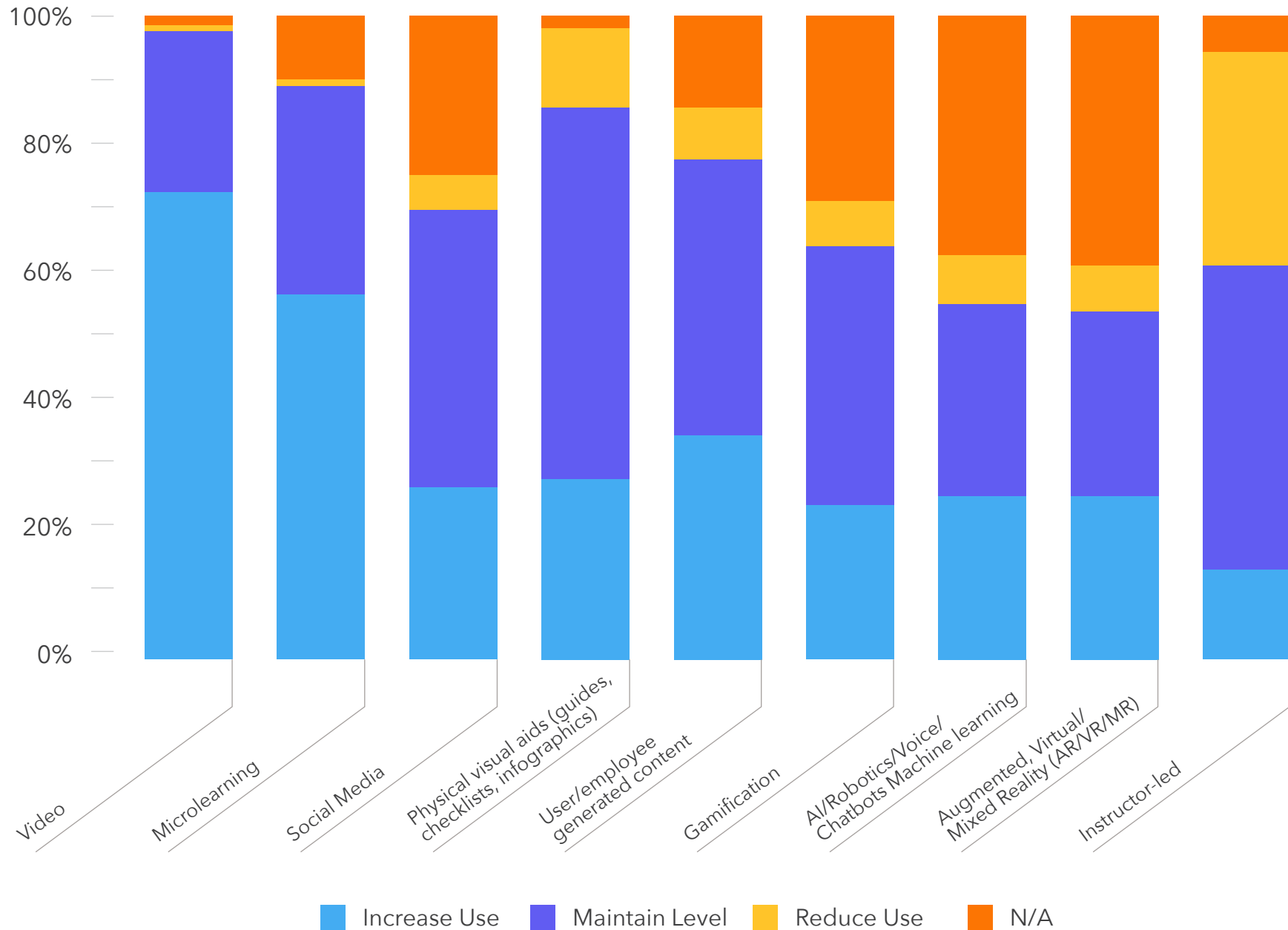
“We are now looking at virtual as a long-term option and potentially going to redesign some of our basic programs.”

- Training Systems & Design Manager,
American Multinational Medical Devices
and Health Care Company

As one example of this change, nearly three-quarters of companies plan to use video more frequently as a learning format. Other emerging technologies (AI/robotics/voice/chatbots/machine learning), along with augmented reality (AR) and mixed reality (MR) are also likely to see a noticeable uptick in usage. Meanwhile, instructor-led training is the only learning format that will experience a significant decrease.

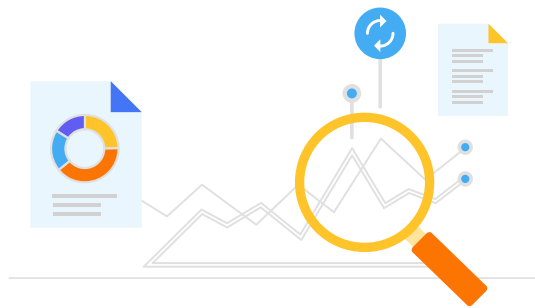
That said, the shift to emerging technology will take time for many businesses. As it stands, only 13 percent of L&D leaders responding to our annual survey said that they have implemented AR/VR/MR, and 29 percent plan to do so sometime over the course of 2021. However, AR for training appears to be gaining ground among technology executives within their own lines of business. The Consumer Technology Association (CTA) surveyed 577 organizations. Of these, 77 percent indicated that they are currently engaged in AR and/or VR initiatives.

How do you see the use of the following learning formats changing in 2021?



Reimagining Blended Learning

Organizations are emphasizing innovation. A survey commissioned by WalkMe finds that over three-quarters of Fortune 500 CIO respondents cite digital transformation as their top budget priority moving forward.



“CIOs need a multitude of solutions to adapt the organization to change, to become more resilient and future-proof,” explains WalkMe.⁹

As a sign of what’s to come, **larger businesses are nearly twice as likely as smaller ones to say they’ll increase usage of all emerging technology types for their learning formats.** So, as the technologies mature and become more widely understood (and perhaps affordable), smaller businesses can implement them too. The pandemic has created the impetus for enterprises to evaluate immersive technology as a way to enhance the learning experiences of their employees. By blending the physical and digital worlds, L&D teams leading the way are seeing smarter, safer, and more-effective workforce training.

Most Popular AR Use Cases in Learning & Training

In recent years, enterprises have used AR and VR to enhance their business processes and as learning and training undergoes further advances, resulting from digital transformation, a solid set of use cases are emerging:

-  Training and teaching
-  Design and visualization
-  Repair and maintenance
-  Soft skills development and training - de-escalation, mentorship, interpersonal capabilities
-  Virtual meetings, facilities and plant tours, indoor navigation and customer visits
-  Virtually supplement labor on production floors
-  Customer engagement
-  Virtual design and product engineering
-  Linking SMEs to global peers and onboarding employees
-  Remote support and guidance for frontline workers
-  Remote customer support and tutorials
-  Increasing employee engagement via interactivity
-  Boosting learning potential with virtual hands-on training that still builds muscle-memory
-  Personalized learning experiences
-  Simplifying difficult or complex concepts into step-by-step, interactive manuals
-  Optimizing deskless worker training with hands-free options and AI-based diagnostic tools
-  Sales training, coaching and negotiation capability building

Bringing Employees into the Conversation

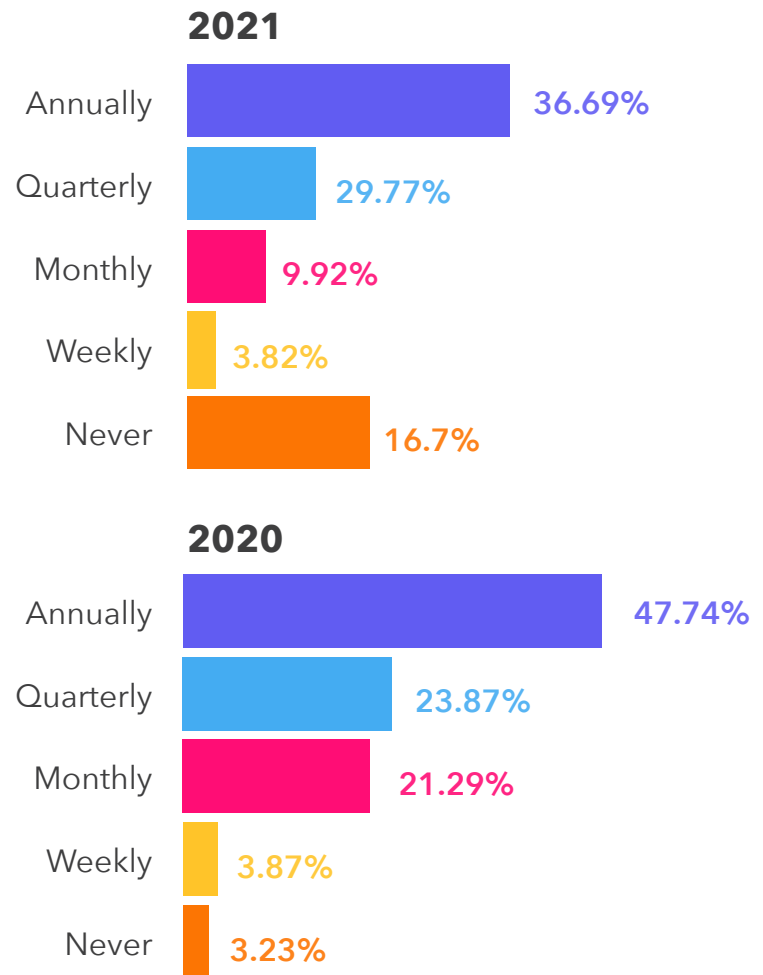
In addition to using new technologies to help redesign learning programs, L&D leaders may also need to adapt how they manage these programs operationally, by tapping their internal customers.

In the 2020 survey, 48 percent of respondents said they solicited employee input annually about the training and tools they need, compared with 37 percent this year. Plus, some survey respondents anecdotally said they're collecting this feedback on more of an ongoing, on-demand basis.

One note of caution. As L&D teams shift from crisis-response mode and re-examine ways to address key initiatives, employee feedback is essential. However, nearly 5x more respondents are not surveying employees at all, compared with last year.

Employee insights identify skills gaps and create a roadmap for addressing culture and diversity in ways that resonate with staff. Doing so can increase retention and better position employees for whatever changes may come.

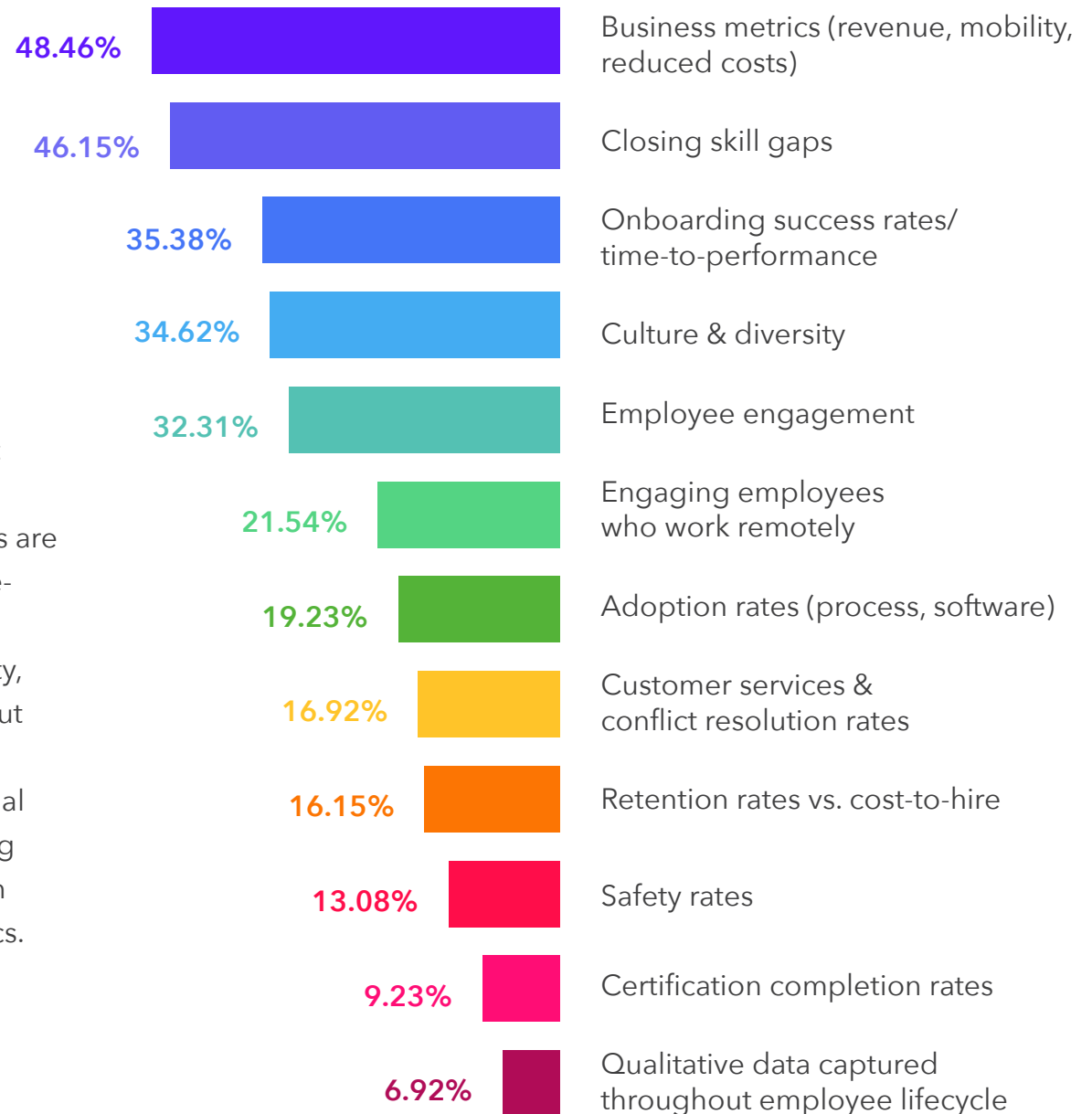
How often are you surveying employees about the type of training tools they need?



Business Metrics and KPIs Are Changing

While traditional business metrics (e.g., for revenue and mobility) remain the most important priority for learning teams and executives, the key performance indicators are expanding to more cultural and employee-focused areas. Nearly half of respondents say closing skills gaps is a top-three priority, and more than one-third feel this way about addressing culture and diversity. And in rapidly digitizing industries such as financial services, closing skills gaps and addressing culture & diversity are even more common priorities than focusing on business metrics.

Top 3 priorities or metrics that L&D programs need to address



Outlook:

What Will Inform Day-to-Day Activities



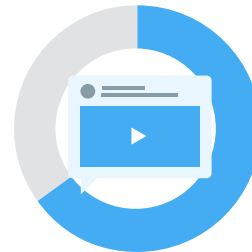
78%

of respondents are expanding or creating new work from home (WFH)-friendly learning programs



14%

see an increase in traditional learning budgets while most see the structure of budgets changing with greater focus and value attached to technologies and digital support for learning offerings (chatbots, drawing pads, breakout strategies, etc.)



2021

65%

will be revamping outdated learning materials, including dealing with the retirement of Flash



2020

Only 17%

of respondents ranked content creation and updates as high priority



2021

59%

consider employee feedback a high priority and will seek to gather and curate it regularly



2020

Only 35%

of respondents prioritized employee feedback

In their own words, survey respondents see several everyday challenges and opportunities ahead:

Recognition of L&D's role in driving enterprise digital transformation

"Our lines of business have put more focus on the learning development team. There are many more technology initiatives that are both speeding digital transformation up and slowing it down."

- **Training Specialist**
Fortune 500 Financial Services

Stronger focus on adaptable content that can serve a range of audiences

The move to a remote workplace has added a new dimension of challenges including how to make content that everyone can learn from effectively."

- **L&D Manager**
Big 4 Ad Agency

Upskilling and helping employees lead through change, sometimes for the first time

"We restructured teams and are training managers who have never been leaders before."

- **HR Coordinator**
Software Company

Balancing enterprise-wide change with departmental shifts

"Line of business goals are changing. The focus will be inclusion and diversity for some areas and technical upskilling for others."

- **Senior Learning Design & eLearning Consultant**
Government

Section 4:

Moving L&D Forward



As it stands now, many companies still have gaps to address, such as providing deskless workers with needed support. **Even though many deskless workers were considered to be essential during the pandemic, only 7 percent of respondents cite deskless workers as the most significant investment area in 2021.**

In contrast, 30 percent cite operations as most important. Even in industries such as retail, with high numbers of deskless workers, operations still towers above others.

Yet post-COVID, retail employees are the most likely to leave their jobs, according to a separate CGS survey on deskless workers. The reason may in part be that 42 percent of retail deskless workers have not received new tools or training programs as of October 2020.

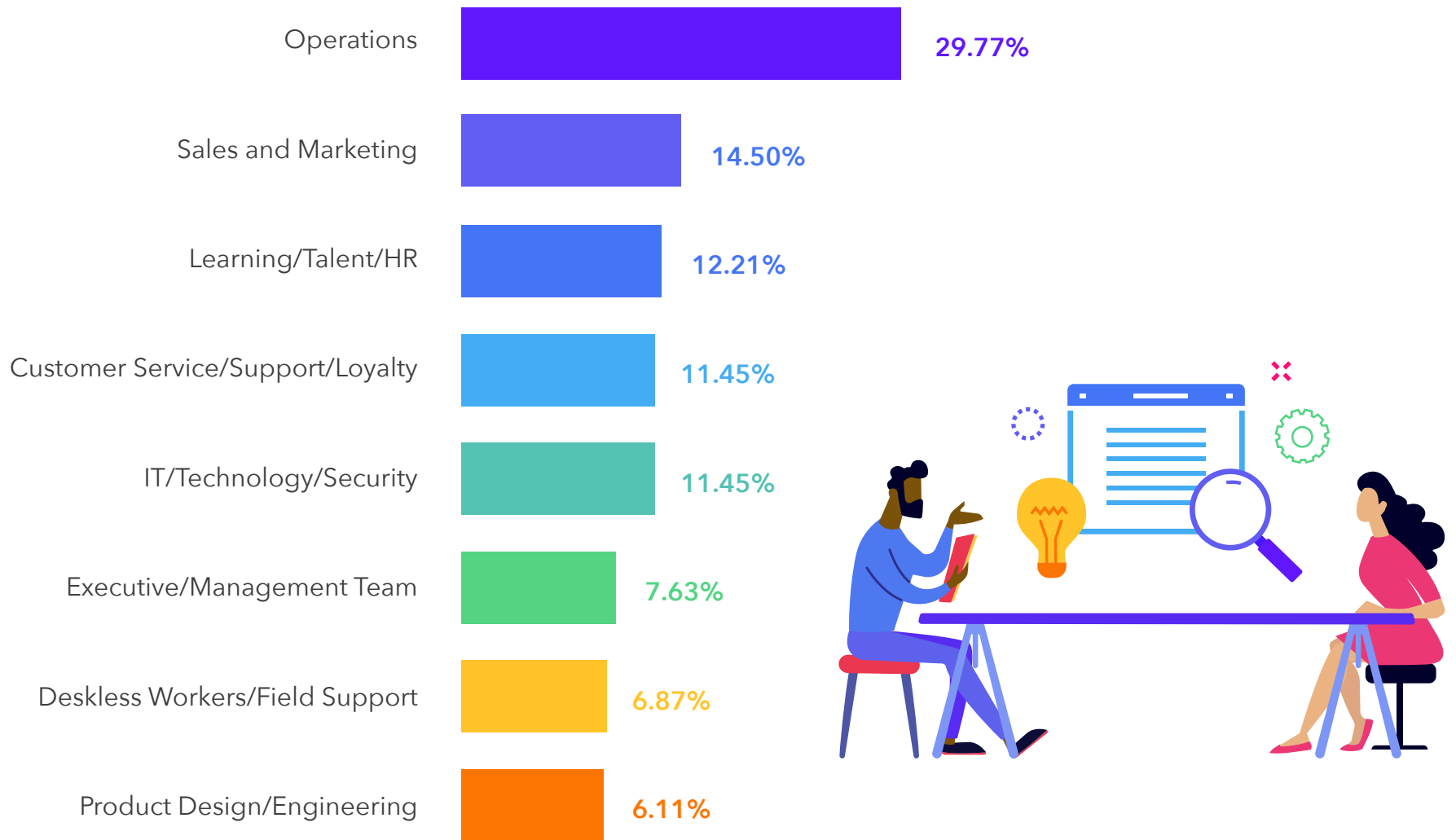
One way to address these overlooked areas may be to bring in external support. Over half of respondents say they work with an external

learning service provider to help develop, deliver, scale up or manage training activities. Similarly, there could be more opportunities to collaborate internally. The most common frequency that organizations say they conduct cross-departmental team meetings around training/development is for special projects only. Less than one-third of survey respondents said that they collaborate on more than a quarterly basis.

“Many departments don’t even know we exist,” said one respondent.

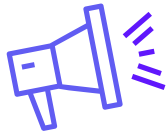
If organizations want to become more proactive and ready to face emerging challenges, they will need to do a better job in this regard. By collaborating more with internal and external partners, anticipating change becomes less of a guessing game.

2021 Resource Focus of Departments/Functions Based on Business Priorities



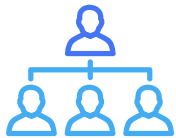
Key Takeaways

1



The pandemic and increased attention to **social justice** are not temporary phenomena; these are lasting issues that have changed L&D.

2



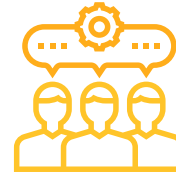
Building a more resilient, adaptable organization could be more valuable than trying to train employees on targeted areas that could soon become irrelevant because of unforeseen events.

3



Digital technologies such as video, along with emerging ones including AR/VR/MR, are becoming more common formats for delivering training, while traditional methods such as instructor-led training are being used less.

4



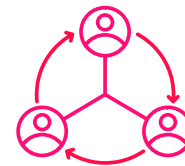
Getting **employee buy-in** is key to a successful L&D program; one way to do so is to solicit employee feedback regularly.

5



Businesses may be underestimating the importance of directing resources toward training **deskless workers**.

6



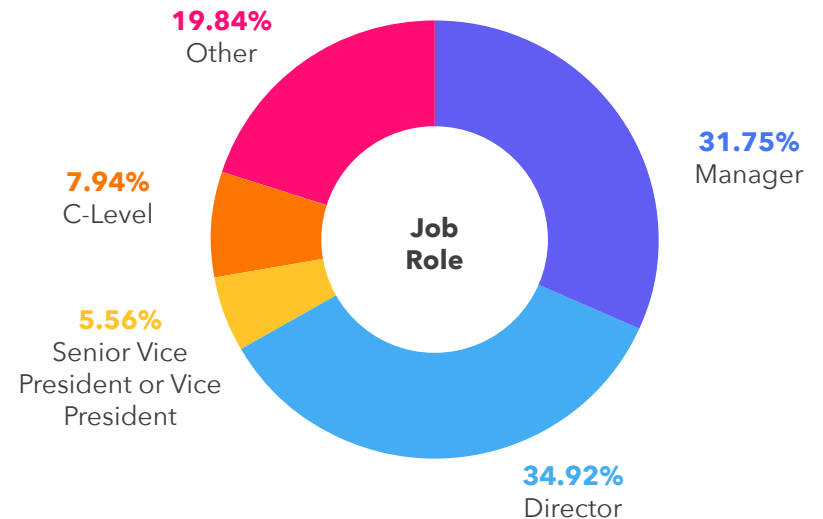
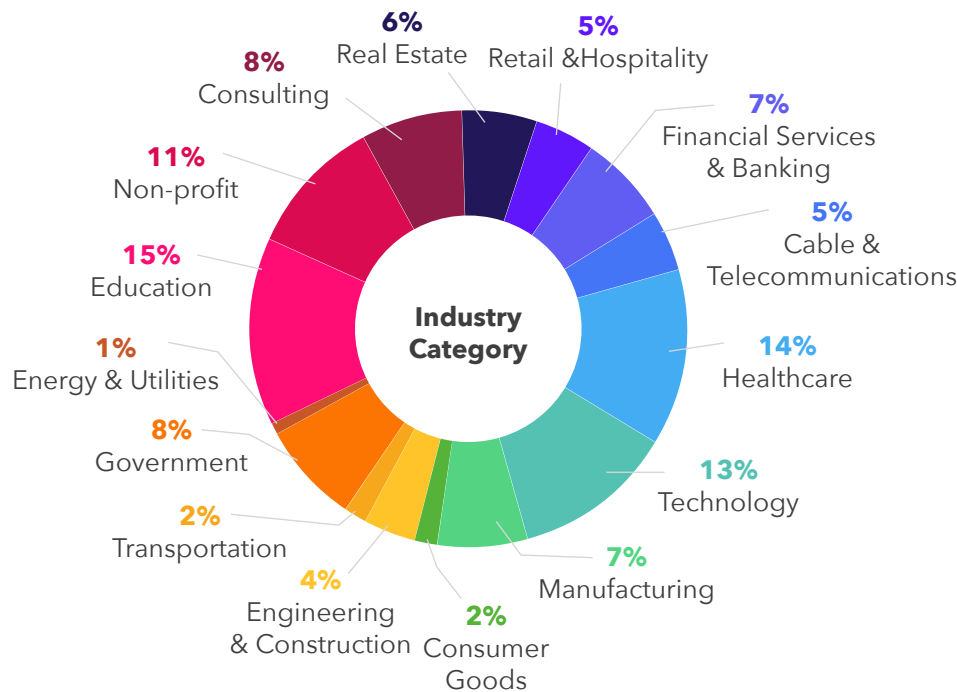
Increased **internal collaboration** identifies gaps, tackles new challenges.

A Note on the Methodology

Conducted in December 2020, this survey gathered insights from **176 directors, managers and other executives responsible for driving operational excellence in enterprise learning**. Survey participants represent a mix of small, medium and large enterprise organizations, across a broad range of industries.

54% Small- to Mid-Sized Companies

46% Large Companies



About CGS

Custom Corporate Learning Solutions

The CGS Enterprise Learning division designs highly effective custom eLearning content, tech-forward engagement programs that include AR, VR and gamifications, globally delivered instructor-led training, blended learning courses and learning staff augmentation solutions. We craft innovative solutions that are essential to scaling your people, processes and performance.

Our expert team is comprised of award-winning designers, authored program managers and forward-looking corporate learning strategists. Together, we've developed over 3,500 custom learning courses on topics ranging from corporate compliance training and employee onboarding to leadership development.

It's this level of expert knowledge, a practical on-the-job approach and creative vision, along with a relentless "Can-Do" attitude, that instills confidence in our clients. Whatever the learning need may be, CGS designs a solution that engages learners and delivers results.

95%

Of customers turn to CGS for additional learning solutions

1,400,000

Learners supported in 2020 alone

9+ Years

Average age of customer partnerships

Engage. Enlighten. Empower.

Installing Fundamental Knowledge.

Sources

- ¹ McKinsey (2020). Why business building is the new priority for growth. Retrieved from: <https://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/why-business-building-is-the-new-priority-for-growth>
- ² McKinsey (2020). To emerge stronger from the COVID-19 crisis, companies should start reskilling their workforces now. Retrieved from: <https://www.mckinsey.com/business-functions/organization/our-insights/to-emerge-stronger-from-the-covid-19-crisis-companies-should-start-reskilling-their-workforces-now>
- ³ Gallup (2020). Is Your Culture Resilient Enough to Survive Coronavirus? Retrieved from: <https://www.gallup.com/workplace/311270/culture-resilient-enough-survive-coronavirus.aspx>
- ⁴ Freeland, Grant. BCG senior partner, published in Forbes (2020). Learning & Development: Covid-19 Pushes It From The Back Room Into The Spotlight. Retrieved from: <https://www.forbes.com/sites/grantfreeland/2020/07/13/learning--development-covid-19-pushes-it-from-the-back-room-into-the-spotlight/?sh=6fa5b64910c0>
- ⁵ PwC (2020). PwC US CFO Pulse Survey. Retrieved from: <https://www.pwc.com/us/en/library/covid-19/pwc-covid-19-cfo-pulse-survey.html>
- ⁶ Due to a small sample size, industry-specific results should be considered anecdotal rather than statistically significant.
- ⁷ McKinsey (2020). When nothing is normal: Managing in extreme uncertainty. Retrieved from: <https://www.mckinsey.com/business-functions/risk/our-insights/when-nothing-is-normal-managing-in-extreme-uncertainty>
- ⁸ Gartner (2020). Gartner Identifies Nine Trends for HR Leaders That Will Impact the Future of Work After the Coronavirus Pandemic. Retrieved from: <https://www.gartner.com/en/newsroom/press-releases/2020-05-06-gartner-identifies-nine-trends-for-hr-leaders-that-wi>
- ⁹ WalkMe (2020). Digital Transformation is the Number One Budget Priority for Fortune 500 CIOs in 2021. Published via PR Newswire. Retrieved from: <https://www.prnewswire.com/il/news-releases/digital-transformation-is-the-number-one-budget-priority-for-fortune-500-cios-in-2021-301182396.html>