

ARTICLE

Learning Vendor Management: A Strategic Imperative

Heidi Milberg





Introduction

We are experiencing monumental shifts in the world of learning and development. As we move toward satisfying the needs of the modern learner, we recognize that learning needs to be continuous, agile, scalable, time-sensitive, ruthlessly relevant, and more to attract and retain talent and meet the changing demands of the business.

Embracing modern learning practices places high demands on organizations who value the learning and development (L&D) of their people, and they often find themselves in very complex learning ecosystems with numerous vendors and suppliers demanding time and effort from L&D and procurement resources already trying to do more with less. Added to this are the inherent cost pressures of juggling multiple learning tools and vendors, further distracting the organization from what is critical, closing skills gaps, and delivering business results.

Learning vendors and suppliers play a critical part in helping transform learning organizations by providing needed capabilities, increasing their capacity to deliver, and driving innovation and continuous improvements. However, they can be difficult to properly organize, manage, vet, and keep in contact with. This is where learning vendor management (LVM) comes in to play.

For any organization serious about driving a culture of learning and performance, providing modern learning solutions that effectively deliver business results, and ultimately shifting learning from being perceived as a cost to a critical business investment, having first-class LVM in place is a strategic imperative.

The Challenges of Traditional Learning Vendor Management

Sourcing and managing suppliers of content, materials, and instructor resources on a global scale can be a time-consuming and resource-intensive function. And the traditional approach to learning vendor sourcing and management, like most corporate purchasing efforts, is typically led through procurement.

Vendor sourcing agents are often skilled and adept at negotiating favorable pricing and terms but may have little to no L&D experience. Also, while the vendor management process is usually well defined, it can be lengthy, with numerous meetings, handoffs, and tollgates for required approvals at various levels.

When vendor management is performed in this decentralized and inefficient manner, you experience several challenges that result in higher costs and longer timelines that handcuff your ability to deliver quality learning to your business.

1

Lack of Competency in Learning

Sourcing agents are rarely experienced learning professionals proficient in modern learning approaches, innovative technologies, and learning best practices. Their lack of knowledge or understanding of the learning industry can impact the vendor sourcing process and effectiveness. This tends to make sourcing agents over-reliant on learning professionals, and continuously engaging with L&D professionals throughout the sourcing process for clarification and validation is an inefficient use of time and skills, impacting overall work productivity. Without learning competency, sourcing agents often spend an excessive amount of time searching for appropriate vendors and solutions and are challenged with effectively vetting to business needs.

2

Lengthy and Complex Vendor Sourcing Process

Corporate vendor sourcing processes are often lengthy and overburdened with tasks and required documents unrelated to the specific sourcing need, and conflicting priorities between learning and business critical sourcing initiatives can lengthen and even delay the sourcing efforts. Additionally, reliance on input from learning professionals throughout the sourcing process tends to slow the effort significantly.

3

Ineffective Vendor Performance Management

Vendor performance management is critical to ensuring quality products are provided, expected outcomes are achieved, and business results are delivered. There is also significant value in developing strong and strategic relationships with your vendor partners. With traditional vendor management solutions, how vendor performance will be monitored, measured, and reported is often unclear, and who is responsible for the effort is often left undefined. Without an effective performance management approach, a company is not able to proactively identify and address vendor performance concerns and may be rewarding poor-performing vendors with additional contracts and projects despite their less-than-stellar performance.

4

Poor Visibility and Spend Effectiveness

Traditional vendor management is commonly decentralized, with sourcing and management spread across many individuals involved in the procurement process. Further, training spend may not be consistently categorized or sourced through procurement, which leaves the organization without a full understanding of the total spend on learning and the learning suppliers and solutions utilized across the company. When auditing an organization using a traditional LVM approach, we often find multiple vendors offering the same solutions at different price points. Worse yet, you may find multiple contracts with the same vendors supplying content or services to various parts of a company at different rates. This decentralized approach and lack of visibility prevents the company from effectively managing learning spend and achieving full value from external suppliers.

The above issues culminate to create a huge burden on both procurement function and L&D leaders investing too much time and money with little success in effectively meeting changing business needs.

Prioritizing and Outsourcing Learning Vendor Management to Deliver Business Results

Successful, high impact learning organizations manage learning as a business and view it as an investment and critical means to achieving business results. They strive to implement strategic approaches to effectively procure, design, develop and deliver great learning across the organization.

Most successful learning organizations are supported by a strategic Managed Learning Services (MLS) partner. MLS providers can support a variety of critical functions within a learning organization, allowing learning leaders to focus their efforts on strategic initiatives.

One important business function of a strategic MLS partner is learning vendor management. As we know, traditional vendor management can hamstring even the most effective and successful learning functions. Hiring an MLS partner to provide learning vendor management is a strategic approach to source and manage learning content, technology, and service providers in a consistent and effective way. This also reduces the burden on corporate procurement and learning professionals and ensures the organization's investment in learning delivers business results.

Key Elements of Strategic Learning Vendor Management

A strategic approach to learning vendor management ensures an organization has the most capable learning suppliers with solutions that deliver results at the best possible price. From initial request through service delivery and performance, an MLS or LVM partner provides a comprehensive solution and framework (like below) that ensures the learning organization can effectively and quickly meet the learning and performance needs of the business.



There are several important components to achieving a successful and strategic vendor management solution.



Vendor Rationalization

One of the first steps in strategic vendor management is to take stock of your current vendor portfolio. Your MLS partner will work with you to understand what suppliers you are using, what services and solutions are being procured, where services are being delivered, and at what price. They will want to identify key and critical strategic partners, as well as high volume and low volume suppliers. Upon completion of the assessment, your MLS partner will make recommendations on actions to take to rationalize the vendors and services needed to improve quality, efficiency, and cost effectiveness of your learning resources.

Vendor Transition

Once you and your MLS partner agree on the specific actions to be taken to develop a right-sized and effective pool of learning vendors, a transition plan will be created. The transition plan includes communicating with and transitioning current vendors as well as defining a consistent engagement process for L&D business partners to submit vendor requests. During vendor transition, your MLS partner will help you define the processes and tools for effectively sourcing, onboarding, and measuring the performance of your new vendors.

At the completion of vendor transition, you will have a rationalized pool of learning suppliers at the best rates, providing the organization with better visibility and control over their learning spend.

Ongoing Engagement Management

Engagement management is what ensures the continued success of your strategic vendor management solution. It is critical to have clearly defined processes, policies, roles, and responsibilities for interactions with the business, L&D partners, MLS provider, and learning vendors. Each element needs to be clear from how requests for learning vendors are initiated, how work scope is defined and clarified, how budgets and funding are confirmed, when existing or new vendors should be utilized, sourcing and contracting guidelines, performance expectations, and more. An LVM partner will work with you to create an effective engagement management approach supported by an intake and workflow technology. Without well-defined, formal engagement management, there is a risk that the benefits achieved through vendor rationalization and transition will erode if there is a lack of clarity around the new processes and people fall back to what's comfortable.

Quality Assurance

Strategic learning vendor management requires not only assessing vendor qualifications and quality during the sourcing process but effective and ongoing vendor performance management. Using a consistent approach for evaluation of vendor performance against agreed upon performance metrics, an LVM partner can proactively address issues and minimize the risk of leveraging a poor performing vendor to support other projects. Defining performance expectations in a formal Service Level Agreement (SLA) ensures a vendor's strong commitment to quality and successful performance over time. Using the SLA, the LVM will be able to manage vendor performance in a consistent and objective way.

Reporting and Data Analytics

Being strategic means being proactive and future-minded and making evidence-based decisions. Collecting information, including performance, activity, and financial data is a critical component to strategic learning vendor management. Having visibility to the data and the ability to analyze and use the data to inform business decisions helps learning organizations be nimbler in meeting business needs and demonstrates returns on the organization's investment in learning. A strategic LVM or MLS partner will track, analyze, and provide reports on critical business metrics such as utilization rates and spend to identify trends, optimize the best learning resources available, and pinpoint low value or underperforming learning resources. Using data to objectively compare the organization's pool of learning suppliers also provides opportunities to direct more work to high performing vendors, which results in the potential to further drive down cost by meeting volume discount thresholds.

The Advantages of Outsourcing Learning Vendor Management

Finding the right match for your L&D team to outsource learning vendor management will result in:

Saving Time:

Having an LVM partner will save a tremendous amount of time by freeing up procurement personnel for priority initiatives and minimizing the time required of L&D personnel. With an efficient process from request to delivery, you'll be able to more quickly source and contract with new vendors.

Maximizing Quality and Relevance:

Leading MLS providers are experts in the field of learning. Your team will be able to leverage that expertise and knowledge to quickly identify and source proven, cutting-edge training solutions and providers aligned to specific business needs. With consistent performance management, vendor quality will be proactively managed to ensure only the best vendors and solutions are utilized across the organization, which improves the learners' experience, the learning culture, and ultimately, business results.

Cost Efficiency and Effectiveness:

Having an external partner to manage and assess your learning vendors ensures the best overall value of your learning investments. This concentrated accountability and the ability to identify your highest value vendors also maximizes opportunities for cost savings. Having a partner who is more knowledgeable about the industry and will spearhead strong negotiations on your behalf can also result in significant cost savings.

Strong Alignment with Business Needs:

Because the leading LVM providers have such extensive global reach, higher visibility, and accessibility to vendors, your L&D team will be able to align learning initiatives more effectively to business needs. Because LVM partners are up to date on the newest capabilities and innovations, the most efficient processes, and the best practices for benchmarking, your team will have more bandwidth than ever to focus on higher-level strategies and goals aligned with what your specific organization needs.



Conclusion

A strategic, end-to-end learning vendor management solution can drive quality improvement for your learning and development initiatives and provide significant cost savings.

Having a partner with a wealth of knowledge about the market and best practices will reduce your L&D personnel's time commitment and streamline your learning engagements. A robust LVM partnership will minimize under-the-radar spends and provide invaluable insights and reporting so you can make the most informed decisions about the solutions you use to achieve your business objectives.

For more information about how learning vendor management or any other managed learning services can help your organization, reach out to GP Strategies.

About the Author

Heidi Milberg

As Vice President of Managed Learning Services, Heidi Milberg is responsible for business development of GP Strategies' training outsourcing solutions and strategic client engagements. Heidi has more than 25 years of experience in designing, implementing, and managing global training and tuition outsourcing solutions and has led the strategy, implementation, and ongoing operational efforts for numerous managed learning engagements at Fortune 100 companies.



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gpstrategies.com 1.888.843.4784 info@gpstrategies.com