SALES TRAINING MARKET REPORT

FORUM®

For more information regarding The Forum Corporation:

One Exchange Place
Boston, MA 02109
(800) FORUM-11
(617) 973-2001
www.forum.com

■ INTRODUCTION

This report presents the findings from a mail/fax survey that was sent to a random sample of sales training buyers in March and April 1999. Surveys were received and analyzed from 102 leading companies nationwide.

The purpose of the survey was to explore trends in the sales training industry.

The main report is broken into four sections. Section 1 examines the respondents views on what criteria are most important when selecting sales training. Section 2 compares the findings of this 1999 market study with the findings from Forum's 1988 sales market study. Section 3 lists the current methods used to deliver training and the delivery methods that respondents predicted using in 2 years. Section 4 presents the average percentage of the sales training budget that the respondents allocated to outside sales training suppliers. Section 5 provides background on the respondents.

■ SECTION 1: CRITERIA FOR SELECTING SALES TRAINING

Respondents were asked to rate on a 1-7 scale (ranging from 1 = not important to 7 = extremely important) what criteria are most important when selecting a sales training supplier. The criteria are presented in the table below in descending order of importance.

Rank	Criteria	Average Rating (1-7)
1	Offers solutions tailored to customer needs	6.37
2	Offers expertise in implementing training solutions	6.10
3	Is willing to be held accountable for results	6.01
4	Provides methods to demonstrate business impact of training	5.92
5	Has sales training for different levels in the sales function (e.g., sales managers, salespeople—new or experienced)	5.69
6	Has experience specific to my company's industry	5.67
7	Provides research-based solutions	5.51
8	Offers performance coaching for salespeople or sales managers	5.16
9	Can deliver consistent training across dispersed geographies	5.15
10	Can develop and deliver training programs quickly	4.99
11	Provides multiple delivery methods (classroom, web-based, CD-ROM, etc.)	4.95
12	Has the lowest price	3.61

- The most important criterion was "offers solutions tailored to customer needs."
- The least important criterion was "has the lowest price".

■ SECTION 1: CRITERIA FOR SELECTING SALES TRAINING

There are three important findings from this section:

1. *Customization:* Respondents increasingly expect training suppliers to customize the training that they purchase.

2. *ROI:* Respondents expect training suppliers to demonstrate a return on investment (ROI) for the training they provide.

3. *Price:* Buyers want suppliers to provide value—by delivering customized training and demonstrating ROI. If these other criteria are met, then price is the least important criterion for selecting sales training.

■ SECTION 2: COMPARING THE 1999 MARKET STUDY RESULTS TO THE 1988 MARKET STUDY

The current findings on selection criteria are compared with the findings of Forum's 1988 sales market study. The following table displays the selection criteria, the views of respondents to the 1999 survey on each criterion, and the views of the respondents to the 1988 survey on each criterion.

There were several interesting findings:

- Tailored/customized products are more important today than in 1988.
- Expertise in the implementation of training solutions is important in 1999 and was not mentioned in the 1988 survey.
- Buyers in 1999 want suppliers to deliver and be accountable for business results (ROI). In 1988 buyer expectations, while still demanding suppliers to deliver what was promised and be sensitive to business needs, were focused less on hard business measures of results.
- Coaching has become an important delivery method; it was not mentioned in the 1988 survey.
- Research based solutions are still important.
- Price was rated by both surveys as low in importance relative to other criteria.

■ SECTION 2: COMPARING THE 1999 MARKET STUDY RESULTS TO THE 1988 MARKET STUDY

Criteria	1999 Results	1988 Results
Tailored Products/Customization	The most important criterion in the 1999 study.	Secondary[1] importance in the 1988 survey.
Expertise in implementing training solutions	Rated as the second most important criterion	Expertise in implementation was not mentioned in the 1988 study. The closest approximations: 'Ability to offer creative solutions' and 'Offering training systems not just programs' - were of secondary importance.
ROI	Primary selection criterion in the 1999 survey.	ROI was not mentioned in the 1988 study. The closest approximation in the 1988 study, 'Programs that address today's business needs', was of primary importance.
Accountability for results	Primary selection criterion in the 1999 survey.	Accountability was not mentioned in the 1988 study. The closest approximation in the 1988 study, 'Delivers what was promised', was the most important criterion in the 1988 survey.
Coaching	Secondary criterion in the 1999 survey. Findings on delivery methods indicate coaching, as a delivery method, is increasing in importance.	Was not mentioned in the 1988 study.
Research-based solutions	Secondary criterion - slightly lower than 1988 survey, but still important	Primary criterion for the 1988 study.
Industry experience	Secondary criterion (the same grouping since 1988, but the trend indicates that it is gaining in importance).	Secondary criterion in the 1988 study.
Technology	Tertiary importance - with tremendous expectation for the spread of tech-delivered learning.	Tertiary importance, and there was little to no expectation for the immediate adoption of tech-delivered learning.
Deliver across dispersed geographies	Secondary importance as a selection criterion.	Not important to the majority of respondents.
Price	Ranked last in importance.	Tertiary criterion in the 1988 study.

[1] Selection criteria from 1999 and 1998 were divided into three groups - from the top third, as ranked by respondents, to the bottom third. These groups were then labeled as Primary, Secondary, and Tertiary criteria.

■ SECTION 3: TRENDS IN DELIVERY METHODS

Six categories of training delivery methods were listed and respondents were asked to divide 100 percent of their training hours among these categories appropriately (or to write in other categories), in two ways:

- Percent of total time currently allocated to each delivery method
- The projected percent of total training hours that will be allocated to each delivery method in 2 years

The table below presents both the current hours and the projected hours in each category.

Categories by Average Percentage of Total Available Sales Training Hours CURRENTLY Spent vs. PROJECTED to Be Spent in 2 Years

Delivery Method	CURRENT Percent of Total Hours	PROJECTED Percent of Total Hours (in 2 Years)
Classroom, instructor-led training	66%	43%
Training via books and manuals	14%	9%
Training via videotapes	7%	7%
Training via computer using Internet/intranet/ web-based programs	5%	24%
Training via computer using CD-ROM programs	4%	13%
Training via audiotapes	4%	4%

Current Delivery Methods

- The current primary delivery method is classroom-situated instructor-led training.
- The average percentage of time spent in classroom instruction is more than 4 times greater than the next delivery method, which is books and manuals.
- Technology-based training (CD-ROM & Internet) represents a small percentage (9%) of total current training hours. In comparison, respondents indicated a much greater current usage of books and manuals then technology (current usage: 14% books vs. 9% technology).
- Audiotape training is the least used delivery method.

■ SECTION 3: TRENDS IN DELIVERY METHODS

Projected Delivery Methods (in two years)

- Respondents projected an explosion in the use of technology-based training.
- Classroom training delivery time is projected to decrease from 66 percent to 43 percent. This is a decrease of 33 percent.
- Respondents expect that in 2 years, the amount of training hours delivered via the Internet/intranet/web will increase by 500 percent and the amount of training hours delivered via CD-ROM will increase by over 300 percent.

Coaching

Respondents had the opportunity to write in other delivery methods they used that were not listed in the survey question. There were 40 write-ins.

- Coaching accounted for 25 percent of the delivery methods that respondents wrote in for Question 2. This suggests the growing importance of coaching as a means to deliver training and indicates a further erosion in the total training hours delivered via the classroom.

The Gap is Growing Between Technology Leaders and Laggards

Within this survey, leaders in the use of technology-based training were defined as those who delivered an above-average amount of their training via Internet/intranet/web and CD-ROM. Laggards were those who were below average in their use of technology-based training. According to this survey, the current average usage of technology-based training was 9 percent of total training hours. Further statistical analyses were done to determine differences between leaders and laggards.[2] The results are very interesting.

- The existing gap between leaders and laggards in the use of technology-based training is projected to increase in the next two years!
- In two years, technology leaders project to deliver approximately an equal percentage of training via the Internet/intranet/web (32.7%) as in the classroom (36.1%).
- In two years, technology laggards project to deliver approximately half of their training via the classroom (50.6%) and approximately 20 percent via the Internet/intranet/web (19.8%).

---

[2] The differences between leaders and laggards projected delivery via classroom and internet/intranet/web are statistically significant to the 99% confidence level ($P_{(item\ 2)} = .001^2$; $P_{(item\ 3)} = .001$).

■ SECTION 4: EXPENDITURES TO OUTSIDE SALES TRAINING SUPPLIERS

Respondents were asked to report approximately what percentage of their total sales training budget is allocated to external suppliers.

On average, respondents spent 53 percent of their total training budget on the products and services of external suppliers. There was a huge range of response (from 2% to 100%).

- The average of total training budget spent on external suppliers by this sample (53%) is comparable to findings extrapolated from other sources (i.e. ASTD 1997).

The American Society of Training and Development examined in 1997 the extent to which companies with over 2000 employees purchased or developed sales training:

- 21% did not purchase any sales training from outside suppliers (they developed all of their sales training internally).

- 45% did not develop any of their sales training internally (they purchased all of their sales training).

- 36% used a combination of purchasing externally and developing internally (ASTD, 1997)

■ SECTION 5: BACKGROUND OF RESPONDENTS

Level and Function

Respondents identified their level and function within the organization.

Level

- Almost half of respondents were directors (44 percent).
- More than one-quarter were managers (27 percent).

Function

- One-third of the respondents identified their function as training (34 percent).
- Almost one-third (31 percent) identified their function as sales.

Sales Force

Respondents indicated which best described their sales force. More than one category could be selected.

- Sixty-four respondents (63 percent) indicated direct sales to end users.
- More than one-third indicated channel sales (36 percent).

Responsibility for Purchase of Training

Respondents were asked to identify what best described their responsibility for purchasing sales training.

- Thirty-nine respondents (38 percent) indicated they had *national* responsibility for purchasing sales training.
- Twenty-four respondents (24 percent) indicated *corporate-wide* responsibility.

Industry

Respondents listed their industry: Banking, Insurance, Chemical, Financial, and Retail represented 87 percent of those who responded.

■ ACKNOWLEDGEMENTS

The Forum Corporation would like to acknowledge the people and organizations that graciously gave their time to participate in this study.

We would also like to acknowledge the following people for their contributions to the completion of the study and the report:

Diann Strausberg, John Mickelson, Karin Nauth, and Kirstin Gray