

# Learning & Development Strategy in Times of Economic Downturn

How a major international consulting firm was able to increase L&D effectiveness with a dramatically reduced budget.

A case study by  
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### A Bridge case study

*Jenny Whitener is the former Global Head of Learning for one of the world's largest consulting firms and currently leads Bridge Consulting International's business in the US. In this case study, we explain how, during the last recession, she achieved substantial reductions in L&D spending without an adverse impact on effectiveness and learner satisfaction by increasing L&D's strategic alignment to business requirements.*

*In 1999 Jenny Whitener was the Chief Learning Officer for the firm in the Americas; by 2001 she had become the Global Head of Learning. Over this critical period of economic change, Jenny led the team that transformed the Learning & Development (L&D) capability from one that served nearly 10,000 resources with a budget of 30 million USD, to a leaner more effective department operating on a budget of 12 million USD with improved satisfaction ratings and dramatically increased usage. In this case study, we discuss some of the successful strategies she employed during this period of economic contraction and explore how key lessons can be applied to the uncertain environment we now face in 2009.*

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In 1998-99, management consulting was generating record level revenues as technology implementations ignited a frenzy of client work. On the back of this booming market, consultancies developed rapidly expanding portfolios of training and development programmes. However as the millennium approached and the dot-com bubble showed signs of bursting, the economy began to shift. Suddenly, the once seemingly bottomless Learning & Development (L&D) budgets were replaced by corporate mandates to cut costs quickly while delivering improved results – a phenomenon all too familiar in today's economic environment.

As was the case across much of the industry between 1999 - 2000, L&D budgets at this top-tier global consultancy were liberal and rarely scrutinised with annual increases of over 10%. While many of the learning programmes were critical to supporting the development needs of the firm, the lack of tightly monitored, centralised programme commissioning led to the accumulation of many expensive programmes that were limited in their popularity and suitability to the firm's strategic needs. When the big budgets disappeared, L&D needed to make radical changes that would effectively enable the organisation to do more with less – delivering this level of value was critical to the group's survival.

*When budgets are tight, more than ever, Learning & Development needs to create top value for the organisation in order to justify its existence....*

There were two waves of budget contractions that required strategic change from the L&D group – the first was a reduction to the budget of \$30m by a third in 1999, and this was followed in 2001 by

a further reduction of an additional \$8-10m that had to be accompanied by a corresponding 100% increase in usage – doubling the learning hours at half the cost! The approach that Jenny and her team chose was not focussed on direct cost-cutting or reduction of staff and programmes, rather, it set out to realise a fundamental rethink of how the organisation approached learning. In the end, they accomplished this goal, and achieved a leaner more effective L&D function than had existed before. Looking back on this experience, there are a number of key lessons that may be highly relevant for L&D professionals navigating today's current environment.

### **Creating a strategically aligned curriculum**

Strategic alignment is the key to a streamlined, effective L&D strategy. As a first step in the redesign process, the team needed to understand which of the current programmes truly supported the business strategies of practice areas and which were being maintained without making a significant contribution to the business. In order to take this first crucial step towards a more strategically aligned L&D approach, individual business managers across the organisation were called on to confirm how specific programmes supported the current business objectives. What was discovered was very surprising: Many of the programmes being maintained were not only poorly aligned to strategy, but many of them were experiencing only moderate attendance. Working with this network of business managers, Jenny's team began eliminating those programmes which were no longer relevant or not in direct alignment with the business. This alone enabled the removal around \$10 million from the budget – no small feat, but only a fraction of the improvement that was still to come.

### **Aligning L&D strategy to the “pulse” of the business.**

As economic conditions continued to deteriorate, pressure mounted on the L&D organisation to deliver improved up-take and effectiveness with dramatically reduced budgets. At this stage, the initial alignment approach was taken to the next level: Learning to PLAN in strategic alignment with the business. It became clear that in order for L&D to play a truly strategic role in driving the business, the team needed to be intimately connected to the pulse of the organisation's business cycles. This meant being able to anticipate development needs months before they were required, knowing when and where resources needed to be deployed, for how long and at what cost.

*Strategic alignment is the key to a streamlined, effective L&D strategy...*

In order to achieve this level of synchronisation between learning and the business, a formal, permanent network of business managers from across practice areas was created. These individuals served as the “learning leads”, providing regular input about the business strategy and needs within their client account teams. This network allowed L&D to ‘get in on’

the business cycle. The team was able to plot the current and future activities of each part of the business, map upcoming engagements to the precise development required and anticipate when existing programmes would no longer be needed. To support the additional vetting and alignment of input from the network of business managers, the core L&D team was strengthened to more effectively prioritise and guide the learning investment. By the beginning of 2002, a genuinely ‘business driven’ approach to learning had been implemented.

## **Stepping back from the traditional modes of content delivery to explore alternative learning methods.**

By moving the L&D function closer to the business, the team became not only better able to anticipate the needs of the organisation, but also more tuned in to the way learning was transferred and applied. Working with the network of business managers, a more precise understanding of how each individual programme created value as well as the role played by the mode of delivery was developed. In some cases, the face-to-face aspect of the learning approach was a critical success factor for the transfer of skills, in others, it became clear that alternative methods could be utilised that would reach more learners with greater flexibility at reduced costs – while maintaining, and in some cases enhancing, the impact of the learning.

This more precise understanding enabled the use of a variety of alternative learning approaches that were customised to suit the nature of the content as well as the business context in which the learning would be applied. For example, blended learning strategies were employed where initial prep was done online, and the application component was delivered face-to-face in small groups – sometimes on the client site in the form of ‘Just-in-Time’ learning. Also, ‘Knowledge Bursts’, or online, high impact informational sessions designed to get people up to speed on a particular industry, were quickly rolled out if demand increased in a new market sector.

One of the most compelling examples of how greater alignment allowed L&D to respond to the immediate needs of the business is the use of ‘Engagement Based Training’. When consultants were between engagements, L&D worked with business leads to identify projects or content areas where increased demand was anticipated, and arranged for these consultants to join the project in a non-billable learning capacity. To enable this process, individual consultants were assigned to project mentors who would provide on-the-job learning opportunities and ensure that they were exposed to key elements of the engagement. As demand increased, these mentees were able to ‘ramp up’ to productive billable status far faster than if their first exposure to the client had been on the first day of billable work.

*The network of business leads allowed L&D to ‘get in on’ the business cycle...*

The success of these non-traditional approaches was reinforced by an incentive programme that offered learners additional credit for utilising alternative methods. By bringing these techniques into the mainstream of L&D strategy, the organisation was able to achieve unprecedented levels of flexibility and effectiveness, all at a cost that fell within the boundaries of a considerably reduced budget.



## **Sustaining the Impact: Integrating the strategy with all aspects of the business**

L&D strategy cannot be successfully executed in isolation. The results achieved by this team would not have been possible without the coordinated efforts and support from all aspects of the business. HR played a vital role in aligning recruiting efforts and their approach to orientation with the broader L&D strategy for the firm. The collaboratively developed on-boarding approach allowed new hires to get up and running fast at a fraction of the cost of traditional employee orientation programmes. In addition, new competency models were adopted across the organisation to provide more precise, actionable information about the needs of resources.

Engagement Based Training programmes required the buy-in and coordination with Staffing as well as internal Communications to ensure that opportunities were broadcast to the right audiences and that programme costs were distributed across the appropriate cost centres. And of course, Information Services played a vital role in developing the e-learning solutions rolled out as a part of online and blended learning programmes.

Finally, the visible support of top leadership proved to be a vital enabler for the team's ambitious approach. Over a relatively short period of time, a radically different strategy for learning and development was implemented that without the vocal and unwavering support of top leadership might have suffered from scepticism or a general aversion to change. The importance of buy-in at the top can not be overstated.

### **Summary: You have to be a business partner – not just a support structure.**

In times of economic downturn, L&D must choose between two broad paths: Either cut programmes and downsize across the department, or align and improve to deliver the right content at the right time to impact the business. This is not easy – and cannot be accomplished by a single team or department. Becoming truly aligned to the business means not being afraid to question existing divisional barriers and reporting structures to form blended, cross functional teams to inform L&D strategy. It means being willing to unwind current curricula and question existing modalities to get to the drivers of relevant, effective knowledge transfer. Most of all, it means broadening the scope of L&D to form a strategic partnership with the business where priorities are co-created, and co-owned, with business leaders.

It is the use of effective collaboration at this level that enables real improvement and cost saving through increased alignment to be achieved. As with any significant transition, fear of the unknown can prove a powerful impediment to progress. However, when an organisation's leadership and relevant stakeholders are aligned behind a clear, collaboratively developed strategy, anything is possible.



**Your Learning and Development Strategy:**

*If you are concerned about recent pressures on your L&D budget and would like to learn more about developing an effective learning strategy in times of economic downturn, Bridge would be delighted to arrange a brief telephone discussion with you at no cost. During this discussion we would help identify the specific challenges you face and use our extensive expertise in L&D to develop an outline action plan to help you address your issues. If such a call would be of interest, please contact us at [bridge@bcillp.com](mailto:bridge@bcillp.com)*