Industry Canada Industrie Canada

SECTOR CAMPAIGN

Commercial Education and Training Services

Canada

Industry Canada

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Sector campaigns are joint initiatives by Industry Canada and Canadian industries to improve the long-run international competitiveness of industry sectors. Key obstacles and opportunities affecting the sector's competitiveness as well as actions to address these are identified through carefully defined studies under what is known as Phase II. Measures are then put in place to assist industries to undertake initiatives specifically designed to implement the action that the department and industry agrees is necessary. This publication describes activities that will be undertaken as a follow up to the Phase II sector campaign for commercial education and training services.

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"As the push for greater efficiency has brought about the explosive proliferation of technology in the workplace, training has become one of the most important aspects in managing the transition."

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Executive Summary

Canada's commercial education and training sector comprises organizations that deliver education and training services on a fee or contract basis. These services are provided outside the public education system by private firms and training institutions, although community colleges and universities also play a role. However, the industry is distinct from the public education system in that it operates on a profit or cost-recovery basis. Commercial education and training services are characterized by their emphasis on the provision of job-related training and skills upgrading, primarily for business, industry and government clients.

The sector offers a variety of services ranging from petroleum industry training to management training and serves both national and international markets. Suppliers of commercial education and training services are able to respond quickly to a targeted industry and can provide custom-designed programs to meet individual client needs. In delivering its services, the sector is also developing expertise in the use of technology-based teaching methods.

In December 1992, Industry, Science and Technology Canada (now Industry Canada) completed Phase II of a Sector Campaign in Commercial Education and Training Services. This produced a directory of Canadian suppliers as well as seven reports on issues affecting the sector's competitiveness. Phase II confirmed the importance of the role of the commercial education and training sector in meeting the challenges encountered by Canadian industry in developing its human capital.

At the same time, however, Phase II demonstrated that the sector's weaknesses far outweigh its competitive strengths. The sector has a very weak identity and suffers from a lack of coordination among suppliers. It has not adopted comprehensive standards for the delivery of training services and it is generally not adept at marketing its services. Existing marketing efforts have been hampered by a lack of understanding by Canadian industry of the benefits to be received from workplace training. The sector has developed expertise in advanced technologies but a key obstacle to growth is a weak demand for technology-based training services.

Phase II studies and consultations demonstrated that the key priorities for the sector are the establishment of a collective voice, better communication among suppliers, the development of national standards, improved access to domestic and international market opportunities, and the development of technology-based training.

In consultation with industry and other government departments, a follow up to Phase II was developed to respond to these identified needs. This strategy consists of nine components to assist the commercial education and training industry in building upon its existing advantages, overcoming obstacles to growth and exploiting emerging opportunities.

These nine components are:

- **Development of sectoral partnerships:** to ensure that the capabilities of Canadian training suppliers are matched to demand on a sector-by-sector basis
- **Development of an industry network:** to bring coherence to the sector and to enable it to represent its collective interests
- **Publication of an industry newsletter:** to facilitate communication and to foster collaboration among suppliers
- **Demonstrations of technology-based training:** to increase demand for emerging training technologies and to enable small and medium-sized enterprises (SMEs) to more readily access training
- **International Marketing Support:** to ensure that training suppliers take advantage of emerging export opportunities
- **Regional Seminars/ Workshops:** to meet suppliers' information and marketing needs on a regional basis
- **Updating and Marketing of Supplier Databases:** to make Canadian training capabilities better known in Canada and abroad
- **Competitiveness Assessment:** to measure the economic impact of the sector and to provide an information base to track sector performance over time
- **Research and Analysis:** to generate a greater appreciation of the value of training as a contributor to industrial competitiveness.

This strategy reflects Industry Canada's understanding of the commercial education and training sector's needs and requirements gained through an extensive consultation process and through considerable research and analysis.

The sector campaign will result in a number of long-term benefits to Canada's commercial education and training sector. It will result in a well-organized industry with the ability to work together in a more effective and cost-efficient manner. Training suppliers will be better able to market their services and to make use of new technologies. The sector will be equipped to identify and meet the training needs of Canadian industry and will be better positioned to compete in international markets.

What Is the Commercial Education and Training Sector?

The sector consists of establishments engaged in the delivery of education and training services on a fee or contract basis. These services can be delivered by private companies or by public institutions. However, the industry is distinct from the public education system in that it operates on a profit or cost-recovery basis. Commercial education and training services are characterized by their emphasis on the provision of job-related training and skills upgrading, primarily for business, industry and government clients.

The commercial education and training industry is made up of four major components:

- firms specializing in education and training services
- businesses in other industrial sectors (e.g. accounting, engineering and telecommunications) that provide education and training services either as a supplement to their main product/service line or on a stand-alone basis
- private schools and training institutions
- the commercial activities of public education institutions such as colleges, universities and Collèges d'enseignement général et professionnel (CEGEPs).

During Phase II, the greatest emphasis was placed on the first category, as the specialist firms were significant in their numbers and capabilities, but weak in marketing and promotion.

Results of Phase II

Under Phase II, seven activities were completed between April 1991 and December 1992.

Objectives

One of the key objectives of Phase II was to identify the players in Canada's commercial education and training sector and to gather the data needed for a detailed analysis of the sector's characteristics. The purpose of this exercise was to identify constraints to growth and to develop a strategy to eliminate these obstacles. In addition, the campaign aimed at identifying sector strengths and ways in which these strengths could be maximized. The overall objective was to gain a better understanding of both impediments and keys to success in order to help more Canadian companies emerge as significant international players.

Products

Phase II resulted in the first-ever *Directory of Canadian Suppliers of Commercial Education and Training Services*, which is only available in computerized form. In addition, seven reports were produced dealing with specific topics (see "Annex I — Phase II Publications").

These products have been widely distributed within government and industry. The reports yield valuable information about the size and characteristics of Canada's commercial education and training industry. The findings have resulted in the identification of major issues affecting the industry and have led to recommendations aimed at improving the competitive position of the sector.

Phase II findings were presented at a national conference ("The Business of Training") held November 24 in the context of Services Month '92. The agenda included keynote speakers, four panel discussions and an exhibit of technology-based training (TBT). The conference attracted over 500 participants (an additional 200 people had to be turned away!).

Key Findings

The major outcomes and findings were:

- over 1 700 directory listings provide government and industry with ready access to information about the training services offered by Canadian suppliers
- 46 percent of Canadian suppliers export their services with the key markets being the United States, Europe and Asia

- the sector is young and growing, with 55 percent of firms established after 1984
- the sector is dominated by small businesses, with 66 percent having five or fewer employees
- the sector requires assistance in marketing its services; only 57 percent have formal marketing plans
- most suppliers (between 79 percent and 87 percent) use traditional classroom methods; the least-used methods were the technologically advanced ones; among these advanced methods, computer-aided instruction was more commonly used (21 percent of suppliers) than interactive video (11 percent), teleconferencing (6 percent) and videodisc (6 percent)
- some Canadian suppliers have developed world-class TBT systems, but require assistance in marketing these in Canada and overseas
- there is a need to develop standards and quality guidelines for training services
- factors for success include the provision of customized training, the use of strategic partnerships and the ability to integrate training into the workplace
- networks and partnerships among training suppliers will have a positive impact on the growth of the sector and on the performance of suppliers
- there is no industry-driven umbrella group to represent the many and varied interests of the training sector; increasingly, the sector is looking to Industry Canada to play a major role in bringing together sector players.

The Consultative Process

Throughout Phase II, advice was provided by a 19-member industry committee, which represented the diverse interests of the commercial education and training sector. Committee members provided valuable insights to guide the development and implementation of the Phase II activities and to ensure that the campaign was responsive to industry needs (see "Annex II — Industry Committee: Phase II Sector Campaign" for a list of committee members).

A further 280 industry representatives contributed their expertise through active participation in focus groups, interviews and case studies. Industry input was not limited to formal consultations, but was also provided by industry leaders taking the time to visit Industry Canada to give us the benefit of their views. As well, Industry Canada visited individual companies to obtain first-hand knowledge of their training services. Industry Canada also consulted with national and provincial associations with an interest in the commercial education and training sector. The regional offices of Industry Canada played a key role in identifying suppliers for the directory, in encouraging industry participation in regional consultations and in generating Canada-wide interest in the campaign.

Other federal government departments with an interest in education and training were involved in the sector campaign. The campaign supported the efforts of Human Resources Development Canada (HRDC) to encourage industry-led training. HRDC has been concerned with the **demand** side, that is, the training needs of industries and individual workers. The sector campaign has addressed the **supply** side, in that it has enhanced the capacity of the sector to respond to identified training needs.

Through the dissemination to all trade posts of Industry Canada's *Directory of Canadian Suppliers of Commercial Education and Training Services*, the campaign supported the efforts of the Department of Foreign Affairs and International Trade (DFAIT) in promoting the export of Canadian education and training services. This directory will enable Canadian trade commissioners in foreign markets to identify companies that could follow up on export opportunities. The 600 exporting companies will be added to DFAIT's WIN (World Information Network) Exports database.

Industry Canada worked with the former Communications Canada (now Industry Canada) to examine the application of new technologies to training. A joint project was undertaken that enabled the Canadian Association of Courseware Producers to hold a strategic planning session on learning technologies.

Consultations were also undertaken with Public Works and Government Services Canada (PWGSC) as well as HDRC to make them more aware of Canadian training capabilities and to encourage the federal government purchase of training offered by Canadian suppliers.

In order to interpret the information gathered for the *Directory of Canadian Suppliers of Commercial Education and Training Services*, Statistics Canada was contracted to develop an industry profile describing the characteristics of the commercial education and training sector and analysing the factors affecting competitiveness.

To ensure complementarity with the work of various provincial governments, consultations were undertaken with a number of officials, including those of the now former Ontario Training Corporation and British Columbia's Human Resource Development Project.

The consultative process with industry and government was extensive and reflected the broad range and diversity of Canadian interests in the commercial education and training sector. This process provided a sound basis for the completion of Phase II and ensured that the sector campaign was in keeping with industry needs and was complementary to other government initiatives.

Impact

The sector campaign received a positive response from both industry and governments. For the first time, attention was focused on the "business of training" and on the issues affecting the ability of suppliers to compete effectively. The campaign became a focal point for the discussion of industry issues and enabled Industry Canada to take a leadership role in the development of this sector.

Industry Canada staff made about 30 formal presentations to conferences and meetings across the country. The campaign resulted in productive partnerships with other government departments and helped to initiate linkages with provincial governments.

The campaign produced a wealth of information about a sector that was previously not well-known or understood. The campaign studies provided data to support previously held assumptions and yielded new information about the sector's particular strengths and weaknesses.

The campaign brought sector players together, conferred upon them a distinct identity and provided a vehicle for the examination of important industry considerations. At the same time, the campaign has generated enormous expectations on the part of industry, which has called for follow-up action to Phase II.

Industry Strengths and Weaknesses

The Phase II sector campaign identified a number of obstacles to industry growth as well as a number of strengths that could be further developed to give companies a competitive edge in the international marketplace. (Unless otherwise indicated, all statistics have been drawn from the Phase II survey and analysis of suppliers).

Competitive Strengths

Service Quality

The sector offers a wide range of services and possesses the expertise and experience to develop new training services to meet the changing needs of the labour force and to address the training problems of Canadian industry. Suppliers are able to respond quickly and the majority (61 percent) tailor at least 75 percent of their training programs to meet individual client needs. Almost 90 percent of suppliers offer training in the clients' workplace, which gives them a distinct advantage in the provision of relevant workplace training. The sector is responsive to the needs of today's labour force in that the majority of suppliers (75 percent) offer instruction both during and outside normal working hours.

Suppliers are active at all stages of the training process, with 96 percent offering training-related services such as needs assessment, curriculum development and post-training evaluation. In this manner the sector offers a full-service package and plays an important role in serving clients who cannot afford to support a training division internally.

More than half the sector (55 percent) offers training in both official languages, with 10 percent of firms providing services in languages other than English and French.

Application of Advanced Technologies

The sector is becoming adept at the use of advanced technologies such as interactive video and computer-assisted learning. Canada has acquired a particular strength in the development and application of technology for distance education services and is becoming a leader in the development of multimedia systems that combine computer-based features with voice, video, graphics and simulations.

Technologies have supported learning in the areas where Canada faces major training challenges. Studies indicate that impressive gains can be made through the use of technologies, both in terms of learning outcomes and in terms of economics of learning systems.

Expenditures on new technologies have been relatively modest in corporate training. A 1990 Conference Board of Canada survey[1] of 444 mid-sized to large Canadian companies found that of $315.9 million spent on training by respondents, only $10 million, or 3 percent of the reported total, was spent on investments in new technology. However, most training departments reported they expected to be doubling (to $20 million) their use of sophisticated technologies over the next two years. As the costs of these technologies continue to decline, respondents felt that investment in training technologies will benefit companies through reducing the labour costs of training and through facilitating training in remote locations.

A study done for the former Employment and Immigration Canada[2] (now Human Resources Development Canada) reports that many Canadian companies that lead in the use of technologies for training have introduced them only in the past five years. Should future expenditures for TBT follow existing patterns, it could achieve an annual market of $150 million. This figure could translate into over 1 000 jobs in the advanced technology field as well as into significant additional revenues through export sales.[3]

The commercial education and training services sector also has a role to play in assisting other industries to become effective users of new technologies. The sector can assist in the retraining of workers displaced by technological change and can train them to adjust to new technologies in the workplace.

Export Capability/Opportunities

Almost half (46 percent) of suppliers sell their training services in international markets. These firms export their services mainly to the United States (66 percent), Europe (44 percent) and Asia (28 percent). In fact, some firms report that it is easier to sell their services in the United States than in Canada, largely because the U.S. industry is more inclined to provide workplace training. In 1991, U.S. corporations spent $43.2 billion on training.[4]

Worldwide, there is evidence of increasing demand for education and training services. The 1994–1995 Canada's International Trade Business Plan lists education and training as a priority area and points out that enormous needs for

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[1] Peter E. Larson and Matthew W. Blue. *Training and Development 1990: Expenditures and Policies* (Ottawa: Conference Board of Canada report from the Human Resource Development Centre, February 1991) p. viii.

[2] Anna Stahmer. *Use of Technologies for Training in Canadian Companies*. Report prepared for Employment and Immigration Canada (Toronto: 1991).

[3] Anna Stahmer. *Suppliers of Technology-based Workplace Training: Challenges and Opportunities*. Report prepared for Industry, Science and Technology Canada (Toronto: February 1992) p. 3.

[4] Robertson, Stephens and Company. *Educational Technology: A Catalyst for Change* (San Francisco, 13 January 1993) p. 12.

education and training services will be needed in the developing world, the former U.S.S.R., eastern Europe as well as in commercial markets within the Organisation for Economic Co-operation and Development (OECD). The plan further states that "trends indicate that aid agencies are providing a growing amount of funding for these types of services."

China is seeking foreign talent to help develop its market economy and plans to invite 140 000 overseas experts over the next three years, largely in the technical, scientific and managerial fields. Many cities have set up funds to attract overseas expertise to assist with their development programs. In the course of trade missions, China has expressed considerable interest in acquiring Canadian training services.

In the former Soviet Union and central and eastern Europe, human resource development is an important component of efforts to promote a stable transition to democracy and to market-based economies within the region. For example, the Hungarian government received a $150 million loan from the World Bank to support a human resource project to respond to new and changing labour needs in the country. Canada has developed an impressive technical assistance program for these countries, which includes over 300 projects involving the transfer of Canadian skills and expertise.

Canada is well positioned to market its training services in Asia. Education and training is one of eight priority sectors identified by the Canadian High Commission in Malaysia. In the Republic of Korea and Taiwan, the Canadian Embassy has opened Canadian Education Centres to promote education and training services. Other geographic areas with good market potential include Mexico, Latin America and the Middle East.

Extensive consultations with Canadian services industries concluded that "Canadian companies have the potential to become major players in the international market for training and education services."[5]

In addition, education and training packages have an enabling function in that they facilitate the export of other Canadian products and services. Canada's broader and longer-term trading relationships are enhanced by our ability to provide training for export products in areas such as consulting engineering and telecommunications. As our trading partners improve their human resources and industrial infrastructures, there will be increased demand for the inclusion of education and training services in our export strategy.

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[5] *The Canadian Commercial Services Industry Responds to the Prosperity Initiative* (30 April 1992) p. 27.

Competitive Weaknesses

Lack of Sector Identity/Image

Although Phase II demonstrated that the commercial education and training services industry is a growing and dynamic business sector, the sector as a whole does not have a strong or cohesive identity. It is not included in Statistics Canada's Standard Industrial Classification and therefore little is known about its contribution to the Canadian economy. Phase II provided new information about the size, characteristics and client base of the sector. However, there is a lack of information about the economic impact of the sector in areas such as historic rates of growth, sales and revenues, job creation and international markets. Without this data, it is difficult to give arguments to support the importance of this sector in broad economic terms.

Lack of Coordination among Suppliers

Phase II revealed that a typical commercial education and training supplier is a small specialist company with 10 employees or fewer. The majority (80 percent) of companies were established within the past 12 years, with 41 percent of them established in the past six years. Training entrepreneurs tend to identify with organizations that represent their professional interests (e.g. language training), rather than their business interests. The sector does not have a history of working collectively to promote common interests. There is no national association for private training companies although provincial associations have been established in Quebec, Ontario and Nova Scotia within the past few years.

In other OECD countries, private suppliers are included in training strategies. For example, in the United States, private sector trainers are a force to be reckoned with. They have a sizable market share and public prestige. Their visibility is heightened by large national organizations such as the American Society for Training and Development.

In Canada, public sector trainers such as colleges and universities have advocacy groups and support infrastructures at the national level. On the other hand, Canadian private sector trainers do not have any form of national association to represent their point of view. As a result, these players have not participated actively in the labour market debate and have experienced difficulty in achieving recognition as major participants in the Canadian training system.

Education and training are being debated nationally. Without collective representation, the private suppliers risk being excluded, their innovations overlooked, their capacity and flexibility underestimated, and their potential unrecognized.

Weak Marketing Efforts

The Phase II survey found that only 57 percent of training suppliers have developed formal marketing plans. The survey suggests that business opportunities exist, but that trainers are not actively pursuing potential markets. For example, over one half of firms reported no billings for services in the agriculture (67 percent), automotive manufacturers (56 percent) and construction (54 percent) sectors. However, the automotive sector consists of industries that are well aware of the need for continuous training. The Canadian Automotive Repair Service Council, for example, has developed a National Core Curriculum for Automotive Service Technician Apprenticeship Training. To date, 14 sector councils have been set up under the leadership of HRDC. They have agreed upon the need to carefully identify training needs within their respective sectors. It is now up to the trainers to market their services.

Education and training companies are, for the most part, managed by individuals with considerable expertise in training delivery or product development, but with less experience in business or marketing.

Lack of Industry Standards

Industry has voiced concerns about how to assess the quality of training provided by private sector suppliers. The suppliers themselves acknowledge that the absence of national standards for trainers and training programs makes it difficult to build credibility and to ensure consistent service delivery. There is clearly a need for national professional standards to legitimize the industry. The ease of entry into the training business and the fact that many trainers, even some of the best qualified, work only part-time, makes this goal both difficult and necessary to achieve. Without some form of recognized standards, the training industry risks acquiring a poor image and clients will be reluctant to purchase training services from the private sector.

Underutilization of Technology-based Training

Phase II findings indicated that the most frequently used instructional methods are the traditional classroom approaches. When TBT methods are used, these tend to be the less advanced technologies such as videotapes and computer-assisted learning.

The Phase II study on TBT revealed that the overriding obstacle to growth is weak demand, as purchasers are not familiar with the wide range of services available and are not convinced of the effectiveness in terms of learning outcomes. For their part, suppliers are wary of the high costs associated with the development of such technologies, which can make them inaccessible to SMEs in particular.

Overall, there has been considerable advancement made in the use of technology as well as demonstrated benefits. The "best practices" studies of Phase II showed how companies have been successful in developing innovative TBT products for industry training. However, TBT still has not gained wide acceptance among the clients of the commercial education and training services sector.

Research Gaps

Very little research has been done to demonstrate the contribution that training can make to productivity, and to business and employee performance. While training is increasingly seen as a guarantor of organizational change, very little research has been done on the integration of training into organizational strategic planning.

Phase II revealed that nearly half of private training suppliers enter into strategic partnerships with public institutions, yet no systematic research has been done to identify the factors that contribute to successful partnerships between public and private sector trainers. Phase II revealed that 46 percent of suppliers export, but no research has been done to isolate those factors that contribute to success in overseas markets.

The Phase II study on TBT indicated that the overriding obstacle to growth is weak demand due largely to unfamiliarity with the benefits of TBT. Various consulting reports have illustrated successful uses of technologies in workplace training, but more systematic research needs to be done to demonstrate the learning gains and cost-effectiveness of TBT, particularly for SMEs. Proving the cost effectiveness of this new type of instruction will be crucial to the development of a market for TBT.

Basic research is a fundamental and continuing need of this sector, but most suppliers are small and do not have the resources to undertake the type of research projects that could benefit the sector as a whole.

Rationale for a Follow-up to Phase II

Commercial education and training services have a significant role to play in meeting the challenges encountered by Canadian industry in the development of its human capital. The success of all industrial sectors will be increasingly dependent on the quality of their human resources. Greater access to high-quality education and training programs for workers and managers, combined with innovation and new technologies, will lead to increased productivity in the workplace, which in turn will help make Canada more competitive in the international marketplace. As the world moves towards the "global information economy," human resource investments are becoming increasingly critical to the world's process of economic development.

A 1990 Conference Board of Canada survey of 444 medium to large-sized companies found that respondents had been steadily increasing their training budgets over the two previous years. Training expenditures reported by respondents totalled $315.9 million in 1989 of which $119.3 million was spent on external consultants, courses and off-the-shelf materials.[6]

The Canadian Labour Market and Productivity Centre's *1991 National Training Survey7* of over 17 000 Canadian organizations found that 70 percent of private sector organizations represented in the sample provided structured training to their employees during their most recent fiscal year. Organizations that could provide detailed figures on training expenditures spent a total of $2.7 billion on training. Although almost half this expenditure was attributed to employee wages while on training, this still represents a sizable market for Canadian training suppliers.

Overall, there is increased emphasis on training as evidenced by the reallocation of unemployment insurance funds for training ($2.2 billion in 1993–1994 and $1.9 billion in 1994–1995), and the establishment of the Canadian Labour Force Development Board to address training and labour market concerns. The federal government recently allocated $151 million to raise more industry training and promote human resource planning at the sectoral level.

[6] Larson and Blue, p. 8.

[7] Canadian Labour Market and Productivity Centre. *1991 National Training Survey*. (Ottawa: February 1993) p. 35.

Studies worldwide stress the need for companies to spend more on employee training. The British-North American Committee (sponsored by the British-North American Research Association in Britain, the National Planning Association in the United States and the C D Howe Institute in Canada), in its *Continuing Education and Training of the Workforce,*[8] concludes, "The only effective short-term measure to offset perceived skills shortages particularly of scientists and engineers, is to intensify continuous education and training for the current work force." Michael Porter, in *Canada at the Crossroads: The Reality of a New Competitive Environment,*[9] recommends greater expenditures on employee training and greater government support for high-quality training programs.

As the trend toward lifelong learning evolves, there is a dramatic increase in opportunities for suppliers of commercial education and training services. These companies are ideally positioned to offer the short-term, relevant training and skills upgrading that is required in today's workplace. Employers are increasingly looking to private training suppliers to fill their training needs. In a study conducted by the Canadian Federation of Independent Business,[10] employers expressed the highest degree of satisfaction with graduates of private career colleges, rating them as decidedly superior to college and university graduates. In Quebec, *La Presse* reports that employers have a strong preference for private sector training firms over the public education system when it comes to employee training.

Clearly, private sector trainers are achieving recognition they did not enjoy a few years ago and are being acknowledged as potential contributors to Canada's economic renewal.

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[8] Frederick Crawford and Simon Webley. *Continuing Education and Training of the Workforce.* (London: British-North American Committe, November 1992).

[9] Michael E. Porter and The Monitor Company. *Canada at the Crossroads: The Reality of a New Competitive Environment.* (Ottawa: Business Council on National Issues and Supply and Services Canada, 1991).

[10] Canadian Federation of Independent Business. *Degree of Employer Satisfaction with Various Educational Providers: Summary Report* (Toronto, 1989).

Sector Campaign Activities

The final phase of the sector campaign will comprise nine activities (see Table 1), as follows:

FOSTERING PARTNERSHIPS ...

Activity 1 — Development of Sectoral Partnerships

Background

Over the next five years, HRDC will invest $151 million to help private industry address its human resource challenges on a sector-by-sector basis. This initiative will join employers, workers and other stakeholder groups to identify skill requirements and quality standards required so their respective sectors can continue to thrive in the ever-changing global environment. The objective is to establish strong working partnerships between labour and management and other stakeholders in leading industrial sectors. This includes the creation of sector councils to provide a permanent forum to ensure the implementation of human resource development and training strategies.

As skill requirements are identified through this exercise, there will be a need to ensure that training suppliers are included as stakeholders and that they are positioned to meet training needs as these are identified. It is imperative that the **supply** side keep in step with the **demand** side.

Activity

Industry Canada will work with HRDC to ensure that the capabilities of Canadian training suppliers are taken into account as this initiative progresses. In this way, the services of suppliers will be matched to training needs as these are identified. This "matching" will be facilitated through seminars joining training suppliers and sector councils so as to familiarize suppliers with councils' training needs and to enable suppliers to identify market opportunities.

Building on the above seminars, a limited number of pilot projects will be undertaken to demonstrate the ability of Canadian training companies as key partners in the provision of timely and relevant services to other industrial sectors.

Activity 2 — Development of an Industry Network

Background

Feedback received during Phase II indicated that it would be difficult to establish an industry association that could adequately represent the wide

Table 1

	PHASE II FINDINGS	PHASE II FOLLOW-UP	ANTICIPATED RESULTS
PARTNERSHIPS	• Potential markets untapped	• Sectoral partnerships	• Better match of training supply and demand
	• Lack of standards • Weak marketing efforts • Lack of coordination/communication	• Industry partnerships • Industry newsletter	• Improved recognition of training industry • Greater cooperation among training suppliers • Development and application of standards • Greater market share
ACTIVITIES	• Technology-based training underutilized	• Demonstrations of technology-based training	• Increased use of technology-based training • Greater access to training by SMEs
	• Potential for increased export	• Overseas missions	• Greater international market share
	• Need for regional focus	• Regional seminars/workshops	• Creation of marketing opportunities • Development of local industry networks • Showcase of technology-based training
INFORMATION	• Suppliers not well known	• Update/marketing of supplier database	• Easier access to Canadian training capabilities
	• Insufficient information on economic impact	• Competitiveness assessment	• Evidence of sector's contribution to economic growth • Development of database to track sector performance
	• Lack of research on training issues	• Research support program	• Documentation of benefits of training • New markets for suppliers

range of needs of this very diverse sector. At the same time, however, it was clearly acknowledged that greater cooperation among sector players will increase the growth of the sector and the performance of training suppliers. The industry also recognized that professional standards are needed as a means of legitimizing the industry by establishing a benchmark for assessing the quality of training products. During Phase II, sector players expressed concern that, without such standards, the training industry will not achieve long-term credibility. However, such standards are unlikely to develop if trainers do not join collectively.

Following Phase II, a modest study was conducted with a core group of industry representatives to determine how an industry network should be started. As a result, a Confederation of Training Associations was formed comprised of executives from the Association of Professional Training Organizations, the National Society for Performance and Instruction, the Quebec Association for Private Sector Commercial Trainers, the Canadian Association of Courseware Producers, the National Association of Career Colleges and the Association of Private Trainers and Career Colleges of Nova Scotia. This group conducted across-Canada consultations which revealed varying degrees of interest in the development of an umbrella association, but without any clear consensus as to how this was to be achieved.

At the same time, the consultations yielded a number of valuable ideas which merit further development in the context of the sector campaign.

Activity

Industry Canada will continue to support the development of an industry network to bring coherence to the education and training sector to provide a forum for discussion and cooperation, and to provide the focal point for the development and application of industry standards. HRDC, through its sectoral partnership initiative, has significant funding for the development of national professional standards. One of the objectives of an industry network could be to enter into a contract with HRDC to obtain HRDC funding for standards development and implementation. This would enable the sector to work towards adherence to the International Organization for Standardization's ISO 9000 quality standard, which is increasingly becoming a requirement for doing business in Canada and overseas.

The immediate goal of a network could be to recruit members, coordinate the activities of different interest groups and improve recognition of the capabilities of Canadian training suppliers. As it evolves, a network could expand its member services to include areas such as demonstration projects (with emphasis on TBT), creation of consortia for selling training in Canada and abroad, provision of information to facilitate bidding on national and international training projects, and professional development of members.

Activity 3 — Publication of an Industry Newsletter

Background

Phase II demonstrated that information is the most valuable currency for the education and training industry. Training suppliers have indicated a need for a newsletter addressing their business and information needs. Currently, the industry is dependent upon small, specialized bulletins or well-developed U.S. products such as *Training* magazine. There are no comparable Canadian products.

In order to fill this gap, in January 1994, Industry Canada initiated the *National Training Association* newsletter to keep industry informed of association-building efforts being conducted by the government and the Confederation of Training Associations, and to seek feedback through a survey questionnaire. The newsletter also contained articles on business and government activities with a view to assisting suppliers in identifying market opportunities.

Activity

The newsletter will be continued during 1994–1995 so as to build an industry identity, to foster communication and collaboration among training suppliers, and to meet the information needs of the commercial education and training sector. The newsletter will deliver market intelligence, business development advice, industry and government news, and updates on training events. It will act as a catalyst for companies seeking strategic alliances or wishing to share their experiences.

Over the longer term, consideration will be given to the distribution of this product electronically, making use of existing electronic networks.

DELIVERING SERVICES IN SUPPORT OF THE INDUSTRY ...

Activity 4 — Demonstrations of Technology-based Training

Background

Phase II demonstrated that TBT is not being widely used because it is not well understood in the workplace and is perceived as being too costly. On the other hand, Canadian companies have developed some innovative training systems that they find are more readily accepted by overseas buyers than within Canada. Suppliers have stated that government leadership will be needed to help TBT gain a wider acceptance in both industry and governments.

While research on the benefits of TBT will help make TBT better understood over the longer term, some immediate action is needed to develop the market.

Activity

In order to build credibility for emerging training technologies, Industry Canada proposes to initiate a limited number of demonstration projects to show that TBT is a viable alternative, or complement, to classroom-based training. These demonstrations will involve not only suppliers, but users of TBT who can attest to its effectiveness. Trainers and human resource professionals will also be involved as many trainers are not aware of how TBT can be used in the delivery of workplace training.

To encourage the use of appropriate technologies for training in SMEs, Industry Canada will assist training suppliers to coordinate and combine their products into training packages with special attention to modular curriculum-oriented materials. Industry Canada will initiate demonstration projects with training suppliers, SMEs and sectoral associations to enable suppliers and customers to develop appropriate business arrangements and to address issues such as the accessibility of a hardware infrastructure for advanced TBT materials.

Some of these projects will be delivered through the new sector councils (as per Activity 1). In particular, the recently formed Software Human Resources Council proposes that its skills upgrading initiatives be technology-based. Other projects will be developed and delivered in consultation with those branches of Industry Canada's Spectrum, Informatics and Telecommunications Industries Sector dealing with information technologies and multimedia.

Some of these activities will be carried out in conjunction with the Software Products Sector Campaign. Demonstration projects featuring educational software will help bridge the gap between the software products industry and other potential "user" industries. This will help support the marketing efforts being conducted by the software sector campaign.

In addition, the software campaign (for example through its Diagnostic Review Service and association initiatives) will help identify linkages to training companies that are well-suited to take part in the education and training campaign. For example, software companies that are members of the Canadian Association of Courseware Producers are positioned to assist in technology transfer to training companies. Hence, there will be some "cross-fertilization" between the two campaigns.

Work will be undertaken in collaboration with the Science Promotion and Academic Affairs Branch, which has developed an action plan to coordinate a national evaluation, marketing and procurement program for educational software developed in Canada. Such a program will foster the development of the Canadian educational software industry, raise the level of Canadian content in the domestic market and lead to a demand for more effective and innovative software products by educators.

Activity 5 — International Marketing Support

Background

Phase II revealed that almost one-half (46 percent) of Canadian training companies export their services. Traditionally, the international market for Canadian education and training services has been channelled through aid and development projects supported by the Canadian International Development Agency (CIDA) and international financial institutions. However, increasing competition for international training services has encouraged Canadian suppliers to explore opportunities on their own and to develop new markets for their services.

Although the exporters tend to be the better-established training companies, they are nevertheless in need of government assistance in order to maximize export opportunities. Industry Canada has been working closely with DFAIT to promote Canadian education and training overseas, and is presently working with selected U.S. posts to identify opportunities for Canadian suppliers. Since most training companies are small they require a more sustained and focused effort if they are to be successful overseas.

Activity

Industry Canada proposes to work with DFAIT under their International Trade Business Plan to ensure that education and training suppliers are included in services missions planned. Industry Canada will contribute its sectoral expertise to recommend appropriate suppliers for education and training missions tentatively planned by DFAIT (e.g. to the Middle East and eastern Europe). In consultation with DFAIT, Industry Canada will initiate a mission to a region that offers good market potential. The location will depend upon market studies being carried out by DFAIT (e.g. in the Republic of Korea and Mexico). Missions would be carried out on a cost-sharing basis between government and the participating companies.

Industry Canada will also work with CIDA to ensure that suppliers are aware of opportunities associated with CIDA-sponsored HRDC projects in developing countries.

In addition, seminars will be held for training suppliers to assist them in acquiring the knowledge and tools to enter export markets.

Activity 6 — Regional Seminars/Workshops

Background

The participant evaluations provided after the 1992 "The Business of Training" conference expressed a need for smaller, more regionally based seminars or workshops that would allow suppliers greater opportunities for networking and for marketing their services to potential buyers. Specifically, the evaluation forms showed a need for information in buyer requirements, training program development, overview of available marketing services, technological developments, sources of government assistance, international opportunities, finance and pricing information.

As part of Services Month '93, special events were held for education and training suppliers in British Columbia, Manitoba and Newfoundland. These were well received by industry and confirmed the value of regionally focused services.

Activity

In order to meet suppliers' information needs on a regional basis, Industry Canada proposes to sponsor seminars and workshops across Canada on topics of interest to the sector. One of the key objectives of these events will be to highlight the capabilities of TBT systems.

Industry Canada also proposes to work with PWGSC's (formerly Supply and Services Canada) supplier promotion program to ensure that PWGSC seminars are responsive to the needs of education and training suppliers. In this manner, training companies will be advised of procurement practices and business opportunities within the federal government.

INCREASING THE KNOWLEDGE BASE ...

Activity 7 — Updating and Marketing of Supplier Databases

Background

In 1992, the *Directory of Canadian Suppliers of Commercial Education and Training Services*, which was produced during Phase II has proven a valuable information tool for all sectors of industrial activity. It has enabled human resource professionals to identify sources of training for their employees. It has also helped training companies identify potential partners for joint projects and has also assisted researchers in assessing the role of this sector in economic development. The directory is available in all DFAIT overseas posts to assist trade officers in promoting Canadian training capabilities.

The directory is available on diskette and is sold through the Canada Communication Group for $29.95. The directory has been marketed through a direct mail campaign to over 5 000 potential purchasers and has also been marketed electronically through FreeNet, Internet and PWGSC's Acquisitions 2000 database.

Indications are that the directory will require yearly updating due to the frequency of entry/exit of companies in the training business. Since the production of the directory, about 200 additional companies have requested inclusion. In order to respond to this need, a new category for "Commercial Education and Training Services" has been opened in Industry Canada's Business Opportunities Sourcing System (BOSS). This system makes information on Canadian training companies available to over 6 000 Canadian and foreign subscribers searching specifically for training services and products. A company may be registered in BOSS at any time and the entries are updated annually.

In 1993, the 1 265 private training companies included in the directory were sent questionnaires for inclusion in BOSS, which will function as an updated directory of suppliers. The 600 exporting companies will be included in DFAIT's WIN Exports database.

Activity

To ensure that this information tool is fully representative of Canadian training capabilities, Industry Canada will continue to encourage training companies to register with BOSS. This may be done at any time at no charge. Interested companies may obtain a registration form by contacting the sector campaign information line at (613) 954-2977.

BOSS will provide an important marketing support tool that can be accessed by potential purchasers of Canadian education and training services, both within Canada and abroad. Without such support, Canada's training services remain little known and the industry risks increasing encroachment from its competitors, particularly the United States.

Activity 8 — Competitiveness Assessment

Background

The industry profile developed by Statistics Canada during Phase II provided, for the first time, information on the size and characteristics of Canada's commercial education and training sector. However, more detailed information is needed on the economic impact of the sector, in terms of rates of growth, sales and revenues, job creation and value of export activity.

Activity

Industry Canada proposes to build on existing surveys (e.g. the Conference Board of Canada's *Training and Development 1993: Expenditures and Policies)* to produce updated and more comprehensive data that will yield information critical to strengthening arguments on the importance of the commercial education and training sector as a contributor to Canada's economic growth.

This work will test previously held assumptions regarding the vitality of this service industry. The ultimate objective is to create a solid base from which to track sector performance over time and to justify the creation of a Statistics Canada Standard Industrial Classification for the sector. This would increase the sector's credibility and would ensure that relevant statistical data are kept up to date.

Activity 9 — Research and Analysis

Background

Considerable research has been conducted on the relationship between education, work and on the training needs of Canada's labour force. However, very little work has been done to research, document, analyze and communicate those issues that most directly affect Canadian training suppliers such as the impact of training on productivity/profitability/competitiveness, the integration of training into organizational strategic planning and the cost effectiveness of TBT.

Activity

Industry Canada proposes to work with the Social Sciences and Humanities Research Council of Canada (SSHRC), which plans to implement a program of research in areas of interest to the commercial education and training sector. The SSHRC, under its Strategic Grants Program, supports research on issues considered to be of national importance and in need of specific focus. This program fosters multidisciplinary approaches and the participation of researchers, practitioners and users of research both inside and outside the university community. The program also facilitates the communication of research results to scholars, policy makers and the general public.

By working with SSHRC to help identify research priorities, Industry Canada expects to foster the development of research projects that will generate a greater appreciation of the value of training as a key contributor to industrial competitiveness. Research findings would help the business community to better understand the benefits of workplace training and over the longer term should encourage private industry to devote greater resources to training. This in turn would open up new markets to the suppliers of commercial education and training services.

Delivery of Activities

The nine activities will be managed by the Business and Professional Services Industries Directorate (BPSI) of Industry Canada in consultation with its regional offices, provincial governments and other federal departments. An important factor will be ongoing consultation with industry, both on a broad basis and in conjunction with the delivery of specific projects.

In addition to the above-mentioned activities, Industry Canada will continue its normal advocacy work in support of the sector. BPSI employees will market the sector to industry and other government departments, and will make presentations to organizations that influence the purchase of training, such as provincial and local labour force development boards.

Once a Phase II sector campaign has been completed, it is expected that further initiatives in support of the sector will be cost-shared by industry. Given the youth and immaturity of the commercial education and training services industry, its status as an emerging sector, the lack of an industry association and the small size of training companies, it is not practical to expect cost sharing for all activities.

However, it is expected that participating companies will make direct financial contributions to the pilot projects in technology-based training, overseas missions and to the pilot projects with sector councils. The costs of seminars and workshops will be defrayed by charging registration fees to participants.

Industry Canada acknowledges that industry has already made a substantial "in kind" contribution in the form of time and effort devoted to industry consultations and association-building activities. In this regard, particular recognition is given to the members of the Canadian Confederation of Training Associations for their contribution to association development (see Annex III). It is anticipated that industry will continue to assist by helping achieve the vision of a collective voice for Canada's commercial education and training sector.

Vision

Education and training will continue to be a major factor affecting the competitiveness of other sectors in the Canadian economy. Industries in all sectors are faced with the reality that most new labour force entrants as well as older workers will require significant training and skills upgrading over the course of their working lives. However, most industries, particularly small businesses, do not expect to acquire the expertise or the resources necessary to provide in-house, on-the-job training. Moreover, the public education system is not equipped to provide "work ready" graduates, especially in the face of rapidly evolving skills requirements in all industrial sectors. Indeed, there are many who would argue that this is not an appropriate role for our schools and post-secondary institutions.

Unless these training needs are met by the commercial education and training sector, Canadian industries will be plagued with the same problems they face today — a shortage of qualified workers, reduced productivity and declining competitiveness.

The Phase II sector campaign enabled Industry Canada to work with education and training suppliers to assess the sector's existing capabilities and to identify ways of overcoming weaknesses. It created an enabling framework to address the industry's most critical challenges. As a result, the sector is now better positioned to work with other industries to determine their training needs and to ensure that these are met.

The next phase will ensure that the problems identified in Phase II are addressed. It will help bring the sector together as a more collective entity that will cross competitive boundaries and promote networking, information exchange, services to members and industry solidarity. This networking will promote and protect industry interests so that training suppliers will become more self-reliant and less dependent on the government for information and support.

The achievements and contributions of the training industry will become better known and its impact on productivity and economic performance will be carefully documented. Training suppliers will become full participants in the Canadian training system and will be recognized and valued as such. They will have improved access to industry and government clients. Decision makers will purchase Canadian training services rather than go to U.S. suppliers as has often been the case in previous years.

While providing training support to other industrial sectors, the training industry will develop as a dynamic service industry in its own right. As trainers increasingly adopt advanced technologies, the sector will make a substantial contribution to the achievement of innovations in technology, both in the delivery of training services and in the application of new technologies to other industrial sectors.

As Canadian suppliers become better known overseas and become more adept at identifying and penetrating export markets, the sector will contribute to Canada's export effort. This will be accomplished through the direct provision of training services and through the addition of training services to larger export packages in areas such as telecommunications, health care, transportation, power generation and engineering.

Overall, the sector campaign will result in a number of long-term benefits to the commercial education and training industry. It will result in an industry that is better organized and that can work together in a more coordinated fashion. As a consequence, the industry will be able to adopt more effective and cost-efficient approaches such as joint ventures or strategic partnerships. Training suppliers will be better able to meet the needs of Canadian industry, will have the capability to make better use of new technologies and will be better positioned to compete in international markets.

Annex I — Phase II Publications

Commercial Education and Training

This industry profile done by the former Industry, Science and Technology Canada (now Industry Canada) describes factors that influence the competitiveness of the sector in both domestic and international markets.

Commercial Education and Training: A Profile of Canadian Suppliers

This publication provides an analysis of data collected during the survey of suppliers and describes the structure and characteristics of the sector, delivery methods and markets for commercial education and training services.

Commercial Education and Training Services in Six OECD Countries: An Overview

This document identifies and describes the best practices within the training industry in Australia, France, Germany, Sweden, the United Kingdom and the United States. It also describes how these might be applied in the Canadian context.

Commercial Education and Training Services Sector Campaign: Best Practices Project

Provides an in-depth analysis of 14 Canadian training organizations that have experienced success in marketing their services to industry and also describes analyses factors that have contributed to this success.

Commercial Education and Training Services Sector Campaign: Results of Phase II

Presents the key findings and recommendations of studies prepared during Phase II and synthesizes these to produce an overview of Phase II results.

Directory of Canadian Suppliers of Commercial Education and Training Services

Available on diskette, this directory contains descriptive entries for 1 265 private training companies and 298 private career colleges as well as a listing of 235 contact points in public post-secondary institutions. Users can conduct searches to locate training suppliers covering a broad range of subject matters.

Final Report of the Commercial Education and Training Services Industry Consultations and Survey

This report presents the results of focus groups and interviews conducted with over 200 sector players and relates these to the survey findings.

Suppliers of Technology-based Workplace Training: Challenges and Opportunities

This publication focuses on initiatives that could be undertaken by industry, government and other stakeholders to ensure that the maximum benefit is derived from technology-based training.

Annex II — Industry Committee: Phase II Sector Campaign

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