



MANAGEMENT CASE STUDY

**INDUSTRY ANALYSIS**

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TRAYYNER



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# CHAPTER 1

## HOW TO USE THIS ANALYSIS

### 1. What to expect from this analysis

*"An awareness of the industry that the business is in will help you to think of the wider issues that might impact on decisions that you could be asked to comment on."*

#### **- Examiner's Report**

The examiners expect you to have excellent knowledge of the pre-seen industry and to demonstrate this in the exam. As the examiner says, the case study is designed to test your application in the real world, and not to test your theoretical knowledge. This industry guide is designed to help you to meet that expectation and maximise your marks in the exam!

This requirement links directly into your role. In the pre-seen, you are told:

"You are a financial manager at Trayyner's Head Office. Your primary responsibilities are associated with management accounting and you report to Dzodzi Tsikata, the Senior Financial Manager, who reports directly to the Finance Director."

You are expected to provide logical business advice as if you were an employee working in this industry, and as if you know this industry inside out. If you know the types of issues in the real world and the types of decisions that real world companies are making, the chances are that your own logic in the exam will be better and producing a logical, well rounded report is key to passing this exam.

In fact, it's been interesting to note that in student feedback after the real exams, that a number of people have commented that they felt that **the exam was extremely practical and they wished they had spent more time focusing on the case study and the industry and less on revising theoretical knowledge** as they felt that would have helped them provide the practical answers they needed.

One key way of maximising your marks in the MCS exam is to have sound knowledge of the relevant industry and to demonstrate that knowledge throughout. However, the industry is large, and there is a lot of information. You have to make sure you have the right information about the industry.

**That's where we come in. In this industry analysis, we've scoured the web, journals and magazines for the most relevant information relevant to your exam. We do the difficult job of collecting the right information for you, so all you have to do is read this report, learn the key points and then use them in the exam.**

# CHAPTER 2

## INTRODUCTION TO THE TRAINING INDUSTRY

### 1. History

#### Introduction

**Training others to pass on new skills is not a new concept.** Sure, the way training is taught and the motivation behind it has changed significantly, but the market has been around for centuries.

#### Ancient times

Apprenticeships have existed for the better part of 4,000 years. They were, and still are, a great way of practical skills to people through a mixture of classroom and on-the-job teaching.

#### Early modern period

In this period, knowledge and skills were being monopolised into what were called guilds. Guilds controlled quality standards, best practices and regulated the training of skills in localities. Guilds would see economic compensation from apprentices, and in exchange the guild would impart the skills of their trade to the apprentice. By no means was this system perfect and quite often exploited apprentices. However, it shows the early stages of training people in exchange for monetary compensation.

## Industrial revolution

The industrial revolution saw a growth in demand for both skilled and unskilled workers to man factory machines. In this period, there was a growth in the use of classrooms to teach people new skills and was available for both children and adults. This format enabled one trainer to teach many people, which many training providers today still follow.

## Post-war era

While training continued to develop during the war around the military, it was in the post-war era where companies started developing and creating their own training departments. It was also in the early to mid-twentieth century that we start to see more academic research on effective training methods.

## Digital era

The growth in telecommunications, namely the internet, has caused the training industry to go through massive changes. **Nowadays, training is moving increasingly online or into the hands of many different providers who offer specialist training.**

Due to the ease with which companies can now contact and arrange training, the barriers to creating a training and development company have fallen down. Now it's a matter of whether the training provided is in demand or not. **There is also a greater emphasis on leadership development now as well.** Where before training was mostly centred on giving staff the skills to do their job effectively, there is more of a focus now on giving leaders the right skills they need. **For this reason, leadership training is one of the fastest growing markets in this industry.**

## Application to the pre-seen

Traynner was founded in the 1990s and is relatively young compared to other long-standing training providers. However, the company came in at a time when the use of the internet and the globalisation of business was beginning to take hold. This makes arranging trainers, keeping in contact with delegates and selling the service that much more efficient and effective.

**However, Traynner is vulnerable to newer businesses that have developed an online only strategy.** Instead of on-site classrooms, everything is held online through webinars, virtual classrooms and online only documents. The pre-seen doesn't indicate that Traynner is looking at the use of the internet for hosting



training sessions and will instead continue with the on-site classroom format that they are known for.

## 2. Service

### Services offered

#### Instructor-led

**The most traditional form of training takes place in the classroom.** The instructor presents material to the class and the class moves at the instructor's pace through the lesson. This service gives students the opportunity to ask questions and probe the instructor's knowledge.

**However, this requires booking a location to host the class, hiring a tutor and transporting them to that location, which is costly and time consuming to implement.** Students cannot learn at their own pace either. If they find the topic too confusing or the tutor is going through the content too quickly, students will find it difficult to learn.

#### E-learning

**E-learning is any form of teaching done through an online resource like articles, videos, quizzes and web-based classrooms like webinars or masterclasses.** The benefit of this type of service is that it is convenient for the course provider as they can produce materials once and sell them online, which incurs fewer costs than needing to arrange a classroom. It also allows students to learn the material at their own pace and pick the resource that fits their style of learning the best.

**E-learning also has a low retention rate compared to classrooms,** meaning the materials' effectiveness is overall lower in helping people learn new skills than instructor-led teaching.

#### Lectures

**A popular one at universities, this teaching style is very good for large numbers of students a topic very quickly.** However, this comes at the cost of student interactivity. Due to the nature of the teaching format, this style can be quite boring to students, especially if the topic and or lecturer is uninteresting.

That being said, institutions like Harvard Business School records and posts online some its lectures for people to view and learn from. As a result, they benefit from providing an in-person lecture to students and take advantage of an opportunity to provide e-learning materials.

## Hands-on

**This type of training is most useful for technical specialists or for students that need a taste of the real thing in order to learn.** It involves having the student actually perform and apply a specific skill they have learned to a scenario. This is common in software, machinery and medicine where fictional scenarios are used to train someone into responding a particular way.



**Hands-on training is, however, time consuming and expensive depending on the resources needed.** To get the most out of experiential teaching is to have appropriate props that students can interact with the test their skills. This could be something like booklet or computer based exercise to physical props that students need to engage with physically.

## Public (Off-shelf) vs bespoke courses

Altogether, there are broadly speaking two categories of training that are offered to businesses. **Public training courses are designed by the provider, making it easier for a business to decide what topics they want to teach employees.** These courses are great for small businesses. They are often cheaper and great for helping staff become compliant with regulatory standards, such as giving employees a core understanding of Internal Financial Reporting Standards (IFRS).

However, public courses are generic and so the topics on offer or the way they are taught may not fit a company's precise needs. **Bespoke courses, by comparison, are customised and tailored to the organisation being trained.** The benefit is that the training provided will be relevant to employees, but it will come with a higher upfront cost.

## Direct competitors

The following list is taken from Training Industry's 2021 Top 20 Leadership Training Companies award.

## Major companies

	Company	Services
1	Cegos	Leadership, sales, e-learning and management training courses etc.
2	Franklin Covey	Leadership training and business solutions such as productivity and customer loyalty programmes
3	Skillssoft	E-learning courses
4	Harvard Business Publishing Corporate Learning	On-campus and e-learning courses for a wide variety of subjects
5	Impact International	Leadership and management training courses and virtual learning software
6	Linkage	Leadership training, consulting and coaching
7	Wilson learning	Leadership and sales training
8	GP Strategies	Leadership training, business software solutions, consultancy
9	DDI	Leadership training, consulting and coaching, business software solutions, virtual reality training
10	BTS	Leadership and sales training, and consultancy

This list is by no means extensive and there are many different types of providers out there that aren't listed here that specialise in other forms of training.

## Service trends

### Overview

**The global corporate training industry is valued at around US\$300 billion, and it is expected to continue increasing at a compound annual growth rate (CAGR) of about 9.4% between 2021-2027.**

In particular, the Training Industry sees the leadership development segment of the market as one of the fastest growing segments due to rising demand from businesses to train effective managers. The most common topics that are taught as part of leadership training include, but are not limited to, coaching, communication, teamwork, emotional intelligence and diversity.

**While technical skills are still highly valued, there is a growing shift towards soft skills** such as dealing with stress from unexpected developments, creating a diverse workplace, and giving employees meaningful performance targets.

## Innovations

### Gamification

Games have always been a fun and interesting way to teach people. Toys, like Lego, were originally designed to teach children construction and engineering. **Today, training providers that use e-learning tools will integrate games into their Learning Management System (LMS).**



It makes e-learning more interactive and engaging, helping to overcome the low retention rate.

**Gamification isn't just software related. It can also involve turning any training activity into some game,** which means it can be a low cost way of making training sessions more interesting. However, it can't be a gimmick. If training is going to be gamified, it has to have a purpose.

For example, Siemens used games to help train plant managers on running a plant, solving problems, and rewarding them for performing the correct actions. Another business that used games to train employees is Cisco to train employees on using social media effectively. This was particularly useful for employees in sales, public relations and human resources.

## Experiential learning and virtual reality

A day at work is worth a week in a class. There's a reason why **experiential learning is considered the most effective training model** and that's because the students are actually doing the thing they are learning. **It's believed around 75% of knowledge is retained during experiential sessions.** The problem with simulating those experiences is that it is difficult to recreate the work environment in a training room.

**In recent years, virtual reality has become increasingly accessible to people and businesses.** Using virtual reality, students get the opportunity to practice procedures and even conversations using sophisticated chatbots. **Johnson & Johnson reported that VR is very popular in medical training** as it allows a students to learn and reset the simulation quickly, whereas a physical simulation could take several minutes or more.

## Mobile learning

It important the training providers consider the compatibility of their online services on mobile. **With 91% of people using their mobile phones to solve a problem, providers that fail to properly integrate their Learning Management System (LMS) with mobile devices are missing a huge opportunity.** User experience is now king in the e-learning space. If a website is poorly designed, hard to navigate and doesn't provide interactive tools, like forums, modern learners are likely to lose interest.

So, training providers are improving and adding interactivity to their LMS's. Gamification is just one way to increase this interactivity. Others developments include micro-learning. **The purpose of this is to break large courses down into smaller chunks that are more easily consumable when on the move – perfect for mobile.**

## Application to the pre-seen

### Service range

**In terms of the actual training courses Trayyner provides, they are incredibly diverse, covering management, finance, oil and gas to individual specialist courses.** This puts Trayyner in an ideal position to market itself to a wide audience that smaller and newer training providers may not be able to provide due to fewer industry connections and experienced trainers.

**However, Trayyner only provides classroom based tuition and does not provide alternative means of learning.** In one respect, this gives Trayyner a competitive advantage in terms of monopolising its knowledge with clients. Since Trayyner does not save or make its classes available online, meaning the training is only available for the class's duration and then it's gone. **There is no way to re-access the class without paying for another course.**

This does, however, place a cost burden on Trayyner where it needs to charge more for its classes as it likes to use luxury hotels for its venues. Trayyner is, therefore, **left vulnerable to other training providers who can provide cheaper and more flexible forms of tuition**, namely e-learning.

## Competitors

Trayyner is competing with a wide variety of institutions, all of which specialise in different areas and offer different ways of learning. **Without question, the biggest threat to Trayyner is the up and coming online only training providers** who are leveraging the internet and telecommunication technology to make teaching cheaper and flexible.

Competitors like Skillsoft are providing similar courses, like leadership development, that is hosted entirely online. It even has the option of providing some of its resources for free, which is something Trayyner cannot do with its current model. Whether that's more effective than classroom tuition is questionable. The fact remains that the option is available for prospective clients who may take the risk with Skillsoft rather than pay the extra expense and arrange to travel to a hotel for Trayyner.