

OUTSOURCING OF TRAINING



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In 1996, Flour Daniel Hanford, Inc. along with several other partners were awarded the Project Hanford Management Contract (PHMC). The contract for Management and Integration (M&I) differed significantly from previous contracts awarded at the Hanford site. As the lead contractor, FHD was expected to help diversify the area economy by outsourcing upwards of 50% of the work previously performed by contractor staff, with outsourcing reference to local business. In addition to creating private sector jobs, FDH was expected to infuse "best commercial practices" into the Hanford clean-up effort, thus achieving greater results within the available funding levels approved by the U.S. Congress. In 1997, FDH Training began the process of outsourcing site-wide training. The process took nearly a year from start to contract award and included the delivery and maintenance of over 100 nuclear and non-nuclear worker training courses.

In March of 1998, Fluor Daniel Hanford outsourced a large segment of the general training required for Department of Energy nuclear and non-nuclear workers at Hanford. The segment of training that was outsourced impacts the safety and operations of the different Hanford Site facilities managed by seven major subcontractors who make up the Project Hanford Management Companies (PHMC). This work was outsourced to Exitech Columbia Corporation in a competitive bid process.

The three major types of training outsourced were:

- Hazardous Materials Health and Safety
- General Industry Health and Safety
- Technical Development and Quality

During the first 16 months of this outsourcing effort we have learned several important lessons that I would like to take a few minutes and share with you. I believe that these lessons learned will be applicable to virtually every outsourcing effort undertaken by a training organization.

Lesson #1

Clearly define the goals and purposes of outsourcing.

There may be several reasons (goals) why an organization would want to outsource its training function. It may want to:

- Improve the quality of training (brief discussion)
 1. Greater performance based versus lecture driven

2. Rigorous application of SAT process
 3. Infusion of greater training expertise
- Be more responsive to workforce training (brief discussion)
 1. Engage workers more in training process
 2. Realize quicker response to emerging training needs (JIT)
 - Reduce the cost of training (brief discussion)
 1. Incorporating “best commercial practices”

Any organization that outsources a part or all of its training function should objectively evaluate its own training needs against criteria such as cost, quality, and responsiveness. And then determine if outsourcing of the training function looks like a sound business solution.

Lesson #2

Take measures to minimize any negative impacts during the transition from being a provider of training to a contractor of outsourced training. Workforce training needs are the same regardless of the provider .

One measure of particular significance is assisting the new training provider in identifying local talent available to staff the necessary training functions and positions.

Remember that once you have outsourced the training function, you have, in effect, become a partner with another company.

Typically, a company who has chosen to outsource work will incur a staff reduction for those personnel who were performing the work prior to the outsource.

These training personnel can be a valuable resource to a new organization selected for outsourcing.

These personnel can have a significant impact on the continuity and quality of training services. The outsourcing organization should work closely with the selected contractor to identify resource pools of local talent available to meet workforce training needs for continued quality training.

Lesson #3

Funding to support contracted deliverables

The Department of Energy is the provider for funds to support the FDH and EXITECH outsourcing contract. From our personal experiences this past two years, we have learned that revisions to training budgets can significantly impact your ability to fund those deliverables specified in an outsourcing contract.

If you are going to outsource, please have well planned and “agreed to” contingencies for contract relief for both the contractor and the seller of services. In our particular case, funds were not available to support a major deliverable specified in the outsource contract. As

you may expect, this causes problems for all parties involved in trying to provide identified and required training for a large workforce like we have here at Hanford.

Lesson #4

Determining training projections of workforce and “levelizing” training so that the “outsource” will permit the provider to maintain core of full-time training staff.

Several problems can arise when the level of effort needed to train the identified workforce cannot be load leveled across a fiscal or calendar year.

Our experience shows that quality and responsiveness are much improved if a provider of training can maintain a core of experienced dedicated trainers who meet the rigid qualifications requirements of DOE nuclear facilities, OSHA, and WISHA.

Prior to our outsource, FDH and its major subcontractors had training needs that were not load leveled. In fact, some training was just the opposite. All of the annual training and requalification/recertification requirements for a particular group of workers would be accomplished during a very short period of time only one time each year. This concentration of training was often caused by such things as the high cost of special equipment (cranes, aerial lifts, etc.) rental to support this training. Due to these high costs of equipment rental, we would concentrate the annual training requirements in a short window of time.

This example points out the difficulty of a contractor establishing and maintaining a sufficient number of qualified training staff to support both the concentrated training that I mentioned earlier and being able to justify retention of qualified staff to respond to unexpected, emergent needs of the Hanford Site.

If you can project your training needs and schedule training to meet those needs throughout a contract period or calendar year, then the contractor will be able to maintain sufficient numbers of qualified staff to not only meet your projected needs but who will be able to respond to emergent training needs. The latter need is very critical to a site like ours.

Lesson #5

Define the Buyer’s new role and immediately transition to it!

The training provider will take on the role of providing quality training to those who need the training.

Since the buyer is no longer the provider of training services, the buyer of the training services will need to immediately take on a different role, .

What role should the Buyer have? Four possible roles come to mind when you are the training integrator or are part of a centralized training function:

- “Oversight”
- Training Program Direction

- Direct Technical Support
- Provider of specialized training not in the outsource scope of work

Lesson #6

Training Outsourcing contract relationships

At the instant that outsourcing occurs, a partnership is created between the Buyer and the training provider that is both formal and informal. The question is what things should be included in that new partnership.

The Buyer and training provider now have several things in common. Both:

- have a common customer base
- want the same end result, “a well trained, safe workforce”
- share the responsibility of meeting the training needs of the customer

All of these things shared can cause outsource training contract relationships to be unnecessarily complicated and at times confusing. Our experience with this FDH Training outsource has been that we tried to build too many shared relationships into our contract document. We did this because of the uncertainty that comes with subcontracting work that you have a deep sense of responsibility and dedication to someone else to accomplish. In an attempt to ensure that our customer would be well served, we built into our contract unnecessary duplication of effort, and at other times unclear direction on who is responsible for the deliverable product.

In hindsight, I recommend that you avoid or at least minimize “partnering” activities within the contract documents. Clearly define who is and is not responsible for each deliverable product. At the beginning of outsourcing, bring both parties together and go through the contract carefully, discussing each activity and clarifying roles that the Buyer and service provider will have responsibility.

Summary

I have covered several lessons that we have learned here at Fluor Daniel Hanford during our outsourcing effort.

I don't want to give you the impression that outsourcing is bad. In fact, I believe that several good things have happened as a result of the outsourcing.

Our training provider (EXITECH) has proven to be very responsive to our many different customers.

We have been able to establish and support a 6-month training schedule. This has allowed the different facilities who send workers to training more flexibility in planning their workers' time away from their jobs.

In addition to the master training schedule, each facility on the Hanford Site has its own special or emergent training needs, and EXITECH has been very responsive in meeting these individual facilities' needs.

Student and supervisor feedback on the quality and effectiveness of environmental, safety and health training provided by EXITECH has been very positive.

Worker and supervisor feedback indicates that the "hands-on" training better serves their needs, and focuses on they need to know and to be able to perform work safely and efficiently.

EXITECH strives very hard at presenting training so that students can become successful in their training efforts. The workforce has noticed that EXITECH's training philosophy is based on shared success with the trainee, not failure.

FDH has saved money as a result of this outsourcing.

If we had it to do all over, we would outsource training again. But we would factor some of the valuable lessons learned during this first 16 months into how we would do it the second time around.

I hope that some of these remarks helps you if you should plan to outsource training.