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L&D Organizational Structures

Resource Plan

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Resource Summary

Pros & Cons Centralized L&D Org Structure

Do you have a centralized, decentralized or federated L&D org structure?

For many organizations, the L&D or talent development function has grown organically within the company over decades.

eBook

L&D Organizational Structures

How to Choose the Right One for Your Team, Learners, and Business

Table of Contents

Introduction

For many organizations, the L&D or talent development function has grown organically within the company over decades. Different training, development, and learning responsibilities are divided across multiple teams and lots of ad-hoc training is developed within separate business units.

Whether your organization operates this way or under a mature and rigorously developed L&D model, it could be time for a change. The way you structure your L&D function plays a critical role in how effective you are in supporting your organization's performance.

Unfortunately, there's no one size fits all approach. What works well in one organization may produce disastrous results in another. However, there are three core learning and development organizational structures you can choose from to get started.

In this eBook, you'll learn the components of each type and, regardless of the model you choose, how you can optimize your L&D organizational structure for better alignment with the needs of the business.
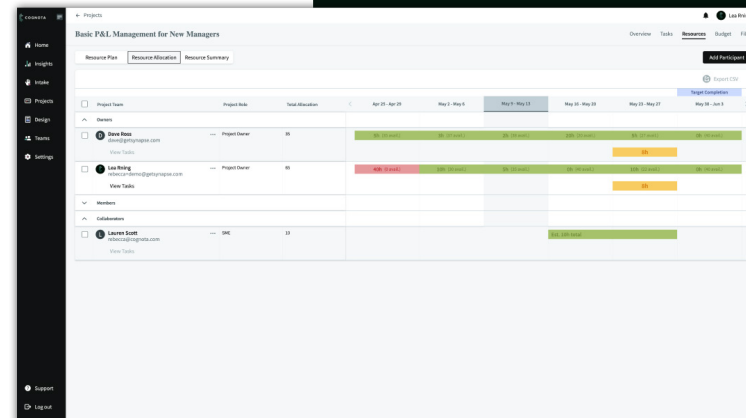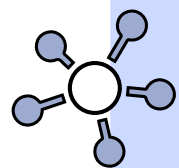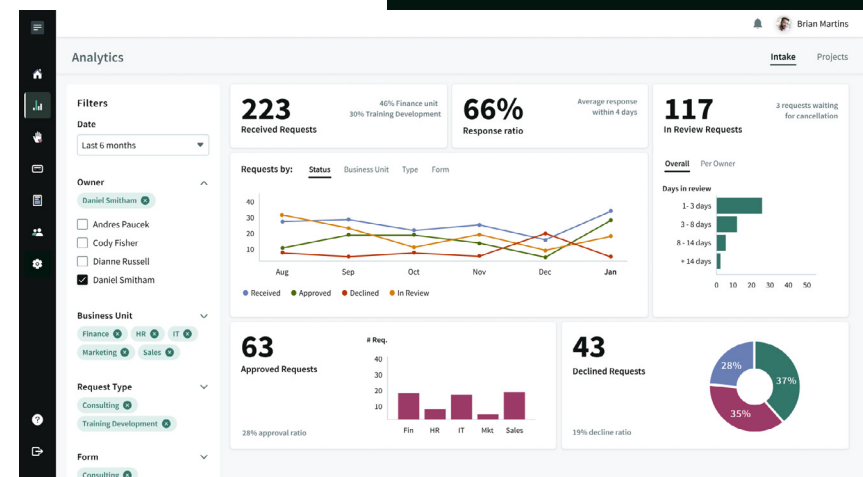
Centralized L&D Models

Centralized learning and development models refer to organizations with a core L&D function that handles all training and development for the business. In a centralized model, all of the strategy, budget, development, deployment, vendor relations, and governance of training lies solely within a single function, whether it's called L&D, talent development or something else.

In reality, very few organizations operate under a true centralized model. Even if your department identifies itself as centralized and works through a centralized model, there are still some responsibilities and projects will be delegated to teams or individuals elsewhere in the organization, even if it's just on an ad-hoc basis.

Centralized L&D organizational structures usually report into a Chief Learning Officer, Chief People Officer, or a similar executive role.

23%
Of L&D teams operate a fully centralized structure

Pros of a Centralized L&D Org Structure

There are lots of inherent benefits to operating your learning function under a centralized model. Overall, it provides a highly structured approach to learning and development efforts throughout the organization, which makes it easier to align with business goals and maintain governance over the quality and design of learning experiences.

Other advantages include:

- **Centralized data to leverage**

- **Easier to develop and track metrics across the organization**

- **Generally less expensive to operate**

- **Helps to avoid duplication of learning efforts**

- **Provides access to economies of scale**

- **L&D resources, services, and tools are more easily shared across the business**

- **Processes and operations are more easily standardized to create organization-wide efficiencies**

- **L&D can better cultivate their "brand" within the business**

Cons of a Centralized L&D Org Structure

The benefits make centralized L&D sound like a no brainer. But the success of this model relies heavily on L&D's ability to foster and maintain close and productive relationships with business leaders. If they don't, the centralized L&D model can present many challenges, including:

- **Less responsiveness and agility by L&D in reaction to changing business needs**

- **Breakdown in coordination and alignment between L&D and the business**

- **Some units of the business can fall through the cracks and not receive the learning support they need**

- **L&D can become disconnected from the business and operate in an inefficient silo**

- **Business units begin creating and executing ad hoc learning programs on their own which defeats the purpose of the centralized model**

Who Should Have a Centralized L&D Model?

Centralized structures make sense for large organizations with relatively homogenous skill requirements across multiple locations and business units. It can also be a practical model for small organizations with limited resources to diversify their training initiatives.

Decentralized L&D Models

In a decentralized L&D model, ownership of training and learning is held by individual business units. While there might be an overarching talent development or L&D team, it is small and its main role is to direct the efforts of trainers that sit directly within individual business units. In other instances, you might have independent L&D teams that operate within a specific geographic area but with no global oversight.

Many organizations of all different sizes operate under a decentralized L&D organizational structure. Sometimes, this is due to the way training has grown organically and historically in the organization. If there has never been the deliberate installation of a dedicated learning function, separate business units will have taken training into their own hands. You might often find that many other business units operate in a decentralized manner in the business too.

27%
Of L&D teams operate a decentralized structure

Pros of a Decentralized L&D Org Structure

There are lots of inherent benefits to operating your learning function under a centralized model. Overall, it provides a highly structured approach to learning and development efforts throughout the organization, which makes it easier to align with business goals and maintain governance over the quality and design of learning experiences.

Other benefits of a decentralized learning function include:

- **Easier to cultivate an agile response to training needs**

- **Much more responsive to training requests and new initiatives**

- **Closer relationships with key subject matter experts and stakeholders**

- **Faster execution of new learning experiences**

- **Better aligned with business needs on the ground**

- **More autonomy to allocate resources and budget**

Cons of a Decentralized L&D Org Structure

Despite the agility it can provide to individual training functions within their respective business units, there are some significant challenges with a decentralized model. The key challenge presented in a decentralized model is the lack of connection between learning in the organization and executive management. If the C-suite doesn't have a direct line to the L&D efforts taking place in the organization, it becomes difficult to align training efforts with wider business objectives and performance.

Other disadvantage of decentralized L&D models include:

- **Limited oversight into the learning and development activities and results taking place across the business**

- **Lack of cohesive programming - some teams receive more robust and relevant training than others**

- **Difficult to scale training as needed**

- **Lack of data and insights**

- **Duplication of learning design and delivery efforts**

- **Can result in significant differences in employee learning experiences from team to team**

Who Should Have a Decentralized L&D Model?

Decentralized L&D organizational structures are often the default format. But they're particularly suited to large organizations where business units are geographically dispersed and have very different learning requirements.
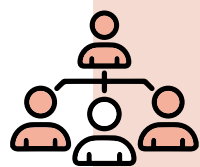
Federated L&D Models

For most organizations, the pros and cons of both centralized and decentralized models will resonate. So many L&D departments today opt for a more hybrid approach to the way their function operates across the organization as a whole. Federated L&D organizational structures typically have a central L&D team for the organization that takes ownership of the full enterprise learning program. Reporting into this team and working closely with them are a series of satellite L&D teams for separate business units or individuals hired directly by the units themselves. This kind of model can be described as lightly or heavily federated. The more heavily federated your structure, the less autonomy dedicated training personnel in separate business units will have.

Generally, the central L&D team will set and enforce branding, instructional design methodologies, standards, learning technology, and analytics. They're responsible for devising and implementing the enterprise learning strategy and management of the overarching learning ecosystem. Enterprise level initiatives such as onboarding and leadership development are usually implemented and maintained by the central L&D team too.

Meanwhile, satellite L&D teams or individual trainers that sit within the business units will often be responsible for liaising directly with the business on training needs analysis, designing and delivering learning experiences, and working with subject matter experts on knowledge gathering. They will take ownership over developing content specifically for the business units with the guidance and efficiencies created by the overarching L&D governance structure.

46%
Of L&D teams operate under a hybrid structure
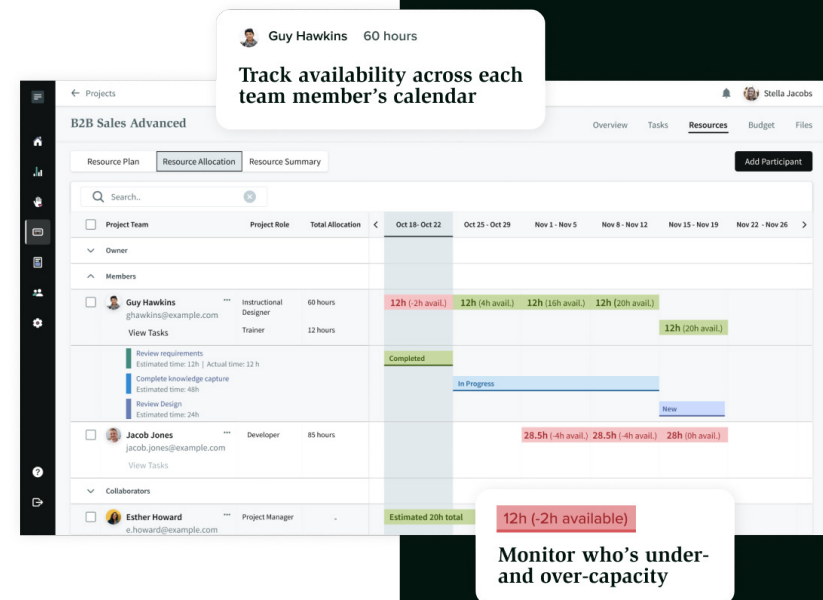
Pros of a Federated L&D Org Structure

Hybrid L&D organizational structures allow the learning function to combine the best of both worlds and develop an operational model that is tailored to the unique structure and needs of the organization. It ensures L&D is aligned with overall corporate goals while maintaining close connections with the day to day training needs of individual business units.

Other benefits of a federated learning function include:

- **Economies of scale, particularly with systems and technology**

- **The balance of efficient processes with effective learning programs**

- **Better alignment with the needs of the business Efficient allocation of resources**

- **Needs of the overall business and individual units are met**

- **Encourages a focus on both long term strategy and high responsiveness to changing needs**

Cons of a Federated L&D Org Structure

As L&D departments seek to better respond to the needs of the business while maintaining an effective learning program, federate models are becoming an increasingly popular way of structuring the learning function. But there are some pitfalls to this type of L&D organizational structure if not properly implemented and managed.

Foremost in the challenges is that, without the right processes and operational model in place, confusion can arise between the central L&D team and the business units **over who is responsible for what.** Other challenges include:

- **Adopting a cost sharing model**

- **Clear prioritization process for investments**

- **Lack of consensus decision making**

- **Coordination and collaboration struggles between central L&D and the business units**

Who Should Have a Federated L&D Model?

Federated models can work well for any size of organization that is struggling to support the needs of individual business units while maintaining governance over standards and consistency in training design.

Factors to Consider for an Optimal L&D Organizational Structure

As learning and development continues to cement its role as a strategic partner in the organization rather than the traditional view of training as a cost center, many are considering a restructure of how the department operates.

Many L&D functions have naturally formed as a decentralized model. Individual training functions have formed almost organically within business units over the years and, more recently, had enterprise L&D departments installed in order to formalize operations and install standardized processes across the business. Whether it's through tech-related trends, further adaptation to hybrid work environments, or a focus on operational efficiency, L&D trends in 2022 are set to elevate teams straight into the strategically important position they have been striving toward.

If you're in a place where L&D needs to be restructured in your organization, there are a few key considerations to take into account so you can decide what makes the most sense for your trainers, learners, and the success of the business.
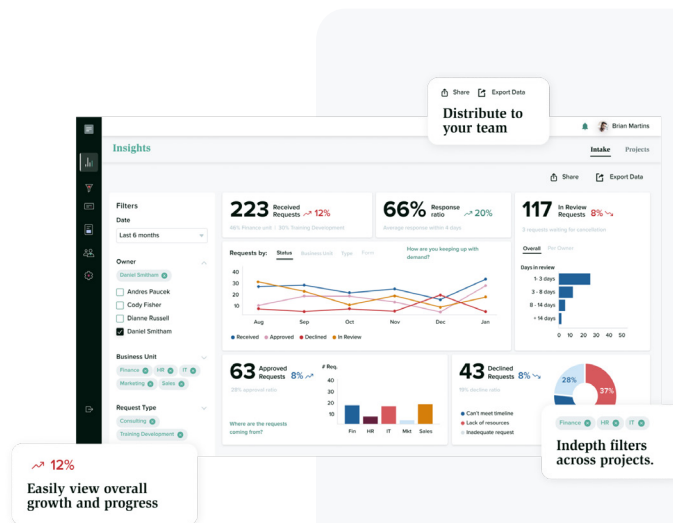
1. Overall Organizational Structure

L&D is not the only department that has to choose between centralized, decentralized, or federated models. How your L&D function is structured will largely depend on how the rest of the organization is structured.

Aligning your L&D organizational structure with how the rest of the business is structured creates a more cohesive relationship between L&D and their business partners, regardless of whether that means centralizing or decentralizing your structure. It also supports L&D's alignment with corporate goals and strategy.

2. Your Organization's Priorities

Organizational context is critically important when it comes to selecting the most effective L&D model. Depending on the output of your business and long term corporate goals, you might be mandated with prioritizing soft skill and leadership development. In other industries, practical skills and role specific training might be of higher priority. Leadership development usually requires a centralized L&D function or a hybrid model closely aligned with corporate strategy. Role-specific training and technical skills require close alignment with individual business units. That's why many organizations choose a hybrid model and customize the L&D structure to meet the unique priorities of the business.

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3. Resource Efficiency

L&D budgets have been on the rise in recent years. But, despite these increases, L&D teams are often challenged with limited resources in comparison with the demand for training in the organization. Centralized models are often more cost effective, but they make it far more challenging to respond quickly to emerging needs.

Decentralized or federated models can be more expensive to set up, but they allow for a closer alignment with business units. When deciding on the best L&D organizational model, balancing your L&D budget with the urgency to scale training can help you decide how best to structure the learning function.

4. Current L&D Organizational Model

Many L&D teams today are challenged with scaling training programs across geographies and business units while producing learning experiences that meet the needs and preferences of learners. The structure of your learning function could be the piece of the puzzle that is holding you back from meeting these objectives, but to change that structure can be daunting to undertake.

So assessing the existing structure of L&D and analyzing why it works and why it does not can help you understand whether investing in significant change will achieve the results you want, or if smaller adjustments are all that is needed.

"Every company has two organizational structures: the formal one is written on the charts; the other is the everyday relationship of the people in the organization."

**Harold Geneen**

How to Optimize Your L&D Org Restructure

The question of developing the "right" L&D organization structure is not just about choosing a centralized or decentralized model and staffing your structure accordingly. A well developed org structure connects your learning operations to the wider business. How do you work with the rest of the organization? How do you measure impact? And how do you ensure you're aligned with business goals?

Before you take steps to reshuffle your structure, make sure that optimizing your structure for operational efficiency and strategic cohesion with the rest of the business is top of mind at all times.
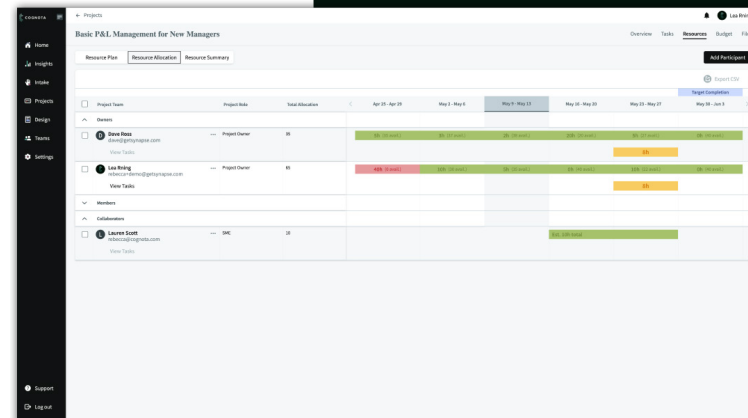
Devise an <mark>Ideal State</mark>

Your L&D organization structure needs to support two key factors:

- **The most efficient use of L&D resources**

- **The maximum impact on organizational performance**

This requires in-depth understanding of the overall company's core strategy and goals, but also those of each business unit. From there, you can start to build a picture of the ideal L&D structure for your organization and work backwards to understand the best way to get there.

Consider All Angles

An organizational structure is much more than a series of dotted lines and boxes to show who reports into whom. It's part of the strategic framework of your function so you can understand the core competencies and capabilities of L&D. Before you start making changes to that structure, it's important to take the time to understand those core competencies and consider the overall learning ecosystem. Perhaps some of your L&D strategy requires outsourcing, for example. Reshuffling an organizational structure without understanding how best to leverage existing resources can spell disaster for your L&D function and the business units they support.

Look Outside the Formal Structures

Whether you're currently operating a centralized or decentralized structure, there will be lots of relationships and informal networks between L&D, stakeholders, subject matter experts, and business partners throughout the organization. These relationships should be taken into account and could potentially inform a more formal network based on the successes of these informal relationships. Failing to take existing relationships into account may result in resistance to new processes and reporting structures. You may find that people choose to simply circumvent the new structure when it is implemented, particularly in larger organizations where it is more difficult to govern processes.

Take a Rigorous Approach to Change Management

Like any kind of significant change, it's not unusual to experience resistance to an organizational reshuffle. You may have to contend with reluctance not just from direct L&D team members, but also from partners and stakeholders within the business. Taking a formalized change management approach minimizes the disruption and gets your team and stakeholders involved in implementing the change. This might require expertise from external sources, but it's well worth the investment to ensure a smoother transition to your new L&D organizational structure.
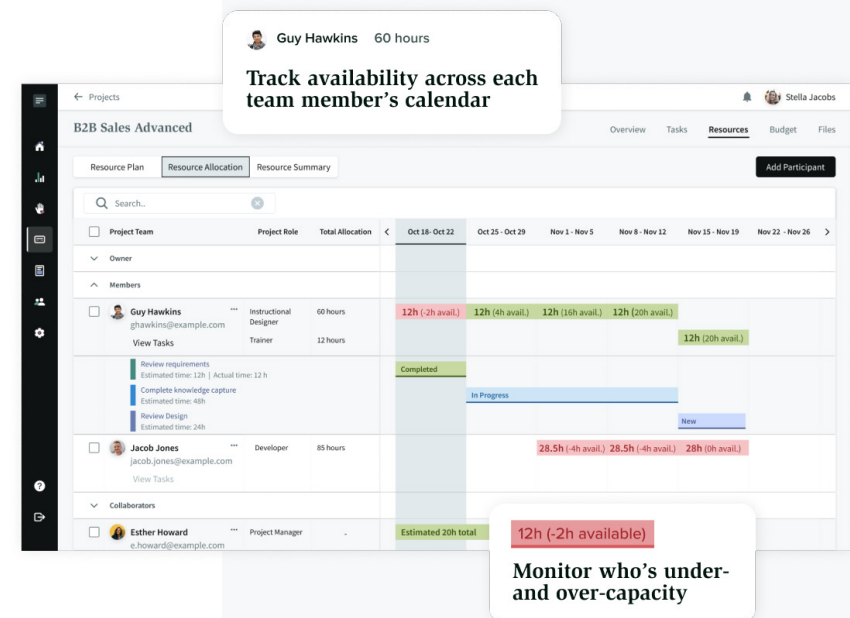
Conclusion

L&D leaders may inherit an organizational structure for their function and have to decide whether it's working optimally for the business, is best suited for your desired future state for L&D, and whether a significant change is needed or not. Centralized, decentralized, and federated models each have their own advantages.

The right model for your learning function is the one that enables the most efficient use of L&D resources and the optimal support of organizational performance. Whichever model you choose, it's essential to adapt it to your unique needs and approach any change with a careful plan and specific end goal in mind.

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