

Compliance Training at Delta Air Lines: **WhatWorks®**

Streamlining the Delivery, Tracking and Reporting
of Training to Support Strategic Goals

—Chris Howard, *Principal Analyst* | October 2006

▶ IN THIS CASE STUDY

From financial services to pharmaceuticals, transportation to healthcare, companies are struggling to manage their compliance processes without creating an onerous drain on human and financial resources.

As with other large, international carriers, Delta Air Lines grapples with these issues every day. In an industry where proper training can have life or death implications, and a business that has faced many hardships in recent years, the need to meet regulatory requirements efficiently and effectively is a high priority. The majority of Delta's training activities are compliance-related, so training of its employees has become an important factor in the company's efforts to improve its operations.

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Delta created a new model for its learning organization and implemented a learning management system (LMS) several years ago. An important goal was to streamline and centralize compliance processes, including using the LMS in a single location for launching e-learning.

This case study describes Delta's ongoing efforts to increase efficiencies in compliance training and how innovations in training delivery are helping the company weather these difficult times for the airline industry. ∞

In an industry where proper training can have **life or death implications**, compliance training is a high priority.

This case study describes how **innovations in training delivery** are helping Delta weather difficult times for the airline industry.



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Delta Air Lines Overview

Delta Air Lines is the third-largest carrier in both the United States and the world. Delta has hubs in Atlanta, where it is headquartered, as well as in Cincinnati, New York and Salt Lake City. Delta and its worldwide partners operate more than 7,000 flights each day to more than 500 cities worldwide. The airline employs approximately 50,000 people.

In 2005, Delta had revenues of \$16 billion, but it has continued to struggle since the events of 9/11 plunged the industry into crisis. The company filed for Chapter 11 in September 2005 and announced the acceleration of restructuring activities that targeted an additional \$3 billion per year in cost reductions by 2007. Delta projects a return to profitability by late 2007.

Despite its difficulties, the company continues to be recognized in many areas. Long admired for its employee learning initiatives, Delta was named to *Training* magazine's "2005 Training Top 100," demonstrating excellence among its peers for delivering training that provides business impact.

Delta Air Lines is the **third largest carrier**, both domestically and internationally.

Delta was named to the **Top 100 for 2005** by *Training* magazine.

The Business Environment

The terrorist attacks of September 11, 2001, were a seminal event in the airline industry. In the aftermath, a number of major carriers were plunged into financial crisis. Nearly five years later, amid heightened competition from no-frills carriers and spiraling fuel costs, several airlines are still struggling to recover.

The events of 9/11 affected the airlines in other ways. With the establishment of the Transportation Security Administration (TSA), a part of the U.S. Department of Homeland Security, the type and number of regulations for airlines has increased. For Delta, new compliance requirements and severe cost pressures created increasing demands on the training function.

As one of the major carriers trying to rebuild, Delta knew it had to make some sweeping changes to survive in this new environment. In late 2001, management began a period of retrenchment and reorganization that would help the company become competitive once again. Delta

After 9/11, the type and number of **regulations for airlines increased**.

One part of the company's four-part **recovery plan** involves **employee training**.

came up with a recovery plan that had four main components: strategy and direction, employee engagement, compensation, and training and development. It is worth noting that, within these four strategic areas, three are people-based and one is learning-based.

Compliance in the Airline Industry

Regulation in the airline industry comes from many sources and encompasses a broad number of areas. International carriers, like Delta, are subject to regulations from federal, state, local and foreign jurisdictions.

The Federal Aviation Administration (FAA) falls under the U.S. Department of Transportation (DOT), an organization responsible for federal highway, air and other transportation administration functions. The FAA is responsible for flight operations, including airline operating certificates, control of air space, flight personnel, aircraft certification and maintenance, and other matters affecting air safety.

The TSA has oversight of civil aviation security matters, including passenger and baggage screening at U.S. airports. As a member of the International Air Transport Association (IATA), Delta is audited by the IATA Operational Safety Audit (IOSA), the benchmark for global safety management in airlines. Other U.S. regulatory agencies include the Occupational Safety & Health Administration (OSHA) and the Environmental Protection Agency (EPA).

In an industry where strict adherence to compliance requirements is essential, proper training is critical. Pilots and flight attendants must satisfy initial and recurrent training to meet FAA and TSA standards, or they are not allowed to fly. Flight attendants who return to their jobs after a leave of absence must pass requalification training.

Furthermore, lapses in training or documentation can have serious implications – from large fines to litigation to grounding of planes to safety and security risks. Any of these consequences could have devastating effects on a company already facing financial challenges.

The FAA and other agencies currently require annual recertification training for most subject areas, but there are some attempts to make the compliance

International carriers such as Delta are subject to regulations from **federal, state, local and foreign jurisdictions**.

Lapses in training or documentation can result in **large fines, litigation and grounding** of planes.

Delta must balance the need to **meet regulatory standards** and ensure **proper training** while also delivering **operational efficiencies**.

process less cumbersome. For example, the FAA has announced plans to extend its recertification requirements to every two years.

Additionally, the FAA is offering airlines a voluntary program, the Advanced Qualification Program (AQP), to develop alternative training curricula, which could help reduce the time and cost of compliance training for companies that qualify. Delta is currently conducting analyses of skill levels among certain groups of its employees to determine eligibility for this program.

Proactive reporting to regulators is rare in the airline industry. More commonly, regulatory agencies conduct audits to ensure that compliance training is being handled properly, that the tracking and reporting system is in order, and that certifications are up-to-date.

For an organization like Delta, with large numbers of geographically dispersed employees in many different job roles, tracking and verifying compliance to an array of regulations is complex, time-consuming and expensive. In the current business environment, Delta's challenge is to balance the need to meet regulatory standards and ensure proper training of its employees with the need to deliver operational efficiencies.

The Delta Learning Environment

As part of the new strategic direction after 9/11, Delta appointed its first CLO, reporting to the vice president of human resources. One of the CLO's primary actions was to reorganize the company's training and development program into a matrix model.

The reorganization included the creation of a new department, "organizational effectiveness," a part of human resources. This 18-person team is responsible for a number of different areas, including management of learning strategy, gathering metrics on enterprisewide training, managing an outside HR contractor and overseeing an LMS (see Figure 1).

With the creation of this organization and the introduction of an LMS, Delta now has the ability to map learning across the enterprise and achieve a greater degree of standardization with respect to salaries, skills sets and career pathing among learning staff.

With the introduction of an LMS, Delta has the ability to **map learning across the enterprise** and achieve **greater standardization**.

Additionally, a “global learning council” was formed and is composed of the CLO, the general manager of learning strategy and the heads of Delta’s six divisional learning organizations. Its purpose is to keep open lines of communication among the divisional and corporate learning leaders.

A Global Learning Council keeps **open lines of communication** among the divisional and corporate learning leaders.

Figure 1: Organizational Effectiveness Responsibilities

- Collects metrics across divisions;
- Manages outside HR contractor;
- Manages senior designers;
- Provides performance management services;
- Administers continuous improvement initiatives;
- Directs change management training;
- Conducts leader assimilation sessions;
- Provides AV support;
- Administers educational assistance program; and,
- Has overall responsibility for learning management system.

Source: Bersin & Associates, September 2006.

Delta’s training activities are dispersed by geography, as well as function. Training facilities are in six different locations throughout the U.S. Each of the company’s six major business units has its own learning organization (see Figure 2). Each learning organization reports to a divisional head, and has autonomy for the business unit’s training delivery and budget.

Figure 2: Delta Air Lines – Major Business Units

Business Unit	Divisions/employee groups
Flight Operations	Pilots
In-Flight Service	Flight attendants
Airport Customer Service	Ticket agents, ramp agents, skycaps, cargo handlers, cabin cleaners, fuel staff, towing staff, etc.
Technical Operations	Maintenance and engineering
Reservations/Sales	Call center representatives
Marketing and Corporate	Marketing, HR, finance & administration

Source: Bersin & Associates, September 2006.

Several years ago, Delta made the decision to outsource its HR transactions as part of a larger effort to improve efficiency and reduce costs across the enterprise. A key factor in the outsourcing decision was that the contract allowed Delta to take advantage of an LMS at a time when it lacked the resources for this type of investment.

Compliance Training at Delta

Designing a Blended-Learning Program

In determining the appropriate modality for a course, Delta's instructional designers evaluate the subject matter and decide whether the skills required lend themselves to e-learning, instructor-led training (ILT), simulation or some combination of these. Content is updated annually based on new services, equipment or regulations. The instructional designers collaborate with subject matter experts from the business to develop content in the LMS.

Delta has made significant inroads in converting much of its compliance training to an e-learning format. For example, in a recent quarter, the airport customer service division delivered 348,000 hours of e-learning versus 561,000 hours of ILT. To date, 17 different courses in this division have been converted from a live classroom to e-learning format.

The real benefits from e-learning come with recurrent training. A ground security coordinator, for example, receives most initial training in a live classroom. However, 80 percent to 90 percent of recurrent training for this position is completed via self-paced e-learning.

Before implementing the LMS, Delta had begun to transition some of its training away from the classroom, primarily through the use of CDs. The ability to launch course content through the LMS is helping to reduce the cost of producing and distributing CDs, as well as the problems associated with lost or damaged disks.

Currently, Delta's pilots are the only group not yet connected to the LMS, because they cannot access the corporate intranet remotely; however, this situation is changing. The company is currently working to make it possible for pilots to access the LMS via the Internet, which will allow them to take advantage of e-learning on their own time during layovers, for example.

Delta has converted much of its compliance training to an **e-learning format.**



ANALYSIS

The **greatest benefits** of e-learning come with **recurrent training.**

Delta estimates that, once pilots have access to e-learning, their training time will be reduced by as much as two weeks per year, saving the company millions of dollars annually.

Compliance Training for In-Flight Service

The in-flight service group, one of Delta's six major business units, is an example of how the blended curriculum is deployed. Training for this group includes a combination of instructor-led classes, e-learning and simulations with mock equipment. Often, one modality is used to reinforce another. For example, students will learn in a simulated environment and then complete a computer-based test to evaluate knowledge retention. Other forms of testing include hands-on proficiency measurements, which rate the learner's understanding and ability to use and operate equipment.

Compliance for in-flight service is largely mandated by the FAA, TSA and DOT. Initial training runs approximately six weeks and covers basic skills, emergency procedures, safety and security. Most topics require recurrent training on an annual basis. This involves approximately four hours of computer-based learning and seven hours of instructor-led training. Recurrent training is scheduled around the anniversary of the employee's hire date.

Employees and their immediate supervisors are notified 45 days before recertification is required, via a pop-up screen on their computers. As a built-in safeguard, if an employee has not met training requirements, the system automatically blocks that person's work schedule. The person is grounded until the training requirements have been met.

Technology

In selecting an LMS, Delta had a number of requirements. The company needed to consolidate the training history of all employees, provide a delivery mechanism for e-learning, and guide the sequence in which different courses needed to be taken. Delta hoped that the system would be flexible enough to provide self-service capabilities that would meet the far-flung needs of its different business units.

The technology selected was the SumTotal Enterprise Suite™ compliance solution, designed to help global, geographically dispersed organizations

Flight attendants learn in a **simulated environment** and take a **computer-based test** to evaluate knowledge retention.

Hands-on proficiency measurements rate the ability to use and operate equipment.

Through a "**smart routing**" capability, the LMS helps Delta map training requirements to job roles.

meet regulatory standards with greater ease and efficiency. The LMS was launched in early 2002.

Today, e-learning content is developed in the LMS, where it is then housed and launched. The system is helping Delta reduce the amount of time employees spend away from their jobs and is reducing the amount of time needed to meet compliance requirements. Additionally, the solution's e-learning capabilities offer employees the ability to learn at their own convenience, at their own pace and on a just-in-time (JIT) basis for a mini-refresher course.

The technology provides Delta with the ability to better manage routine annual recertifications for specific job functions by automatically setting up curricula and pushing the required learning content to employees. The system also supports Delta's efforts to provide shared services to its divisional learning groups by creating a central repository for knowledge, procedures and best practices.

Through a "smart routing" capability, the LMS helps Delta map training requirements to job roles, ensuring that all employees are certified in the proper subject areas on a timely basis. Now, when employees log on to the LMS, they are routed to the appropriate courses, in the proper order, based on job classification. At the same time, the system allows for self-service capabilities, so that each business unit can set up courses and curricula according to its own needs.

The ability to host and track e-learning (and to allow employees to easily access, launch and complete compliance training) is where Delta's LMS has most clearly realized its promise. Furthermore, with e-learning content housed in the LMS, Delta employees are empowered to search out information that they need to do their jobs better – above and beyond the need to meet compliance requirements. For example, Delta flight attendants frequently make use of computer-based training on an as-needed basis. Before embarking on a trip, they can access information about a particular type of aircraft for a quick refresher. This type of JIT learning helps employees perform their jobs better – providing greater comfort and security for Delta passengers.

Tracking learning through the LMS has also made it easier to gather metrics on an enterprisewide basis, according to the general manager, learning strategy. In the past, it was necessary to send emails to the six divisions to

Employees can **use e-learning** to access information on an **as-needed basis**.

Delta's **LMS requirements** include consolidating training histories, delivering e-learning, and **guiding the sequence of courses**.

obtain data on the number of employees being trained. Each division would need to extract this information from its own database and email it to the requestor. Today, this information is provided automatically through the LMS.

Working Toward a Streamlined Reporting Process

The other key benefit of an LMS – making reporting faster and easier – is still a work-in-progress at Delta. At this time, compliance training that is provided throughout the company (that is, not through the business units) is reported through the LMS. This includes such topics as sexual harassment, and drug and alcohol abuse.

Within Delta's decentralized learning organization, adapting the LMS has presented some challenges. For example, several of the business units required the system to be customized to accommodate a large number of different platforms among their users. As of mid-2006, four of Delta's businesses were still relying on legacy systems for reporting.

Presently, airport customer service and technical operations have fully migrated their reporting processes to the LMS, and the FAA has accepted the system as the repository of record. Delta is one of the first airlines to have accomplished this. As a result, the FAA, which is one of the key regulatory bodies in the airline industry, is now part of Delta's end-to-end compliance process. For airport customer service and technical operations, the agency has automatic access to training records.

Delta's other divisions have made varying degrees of progress in migrating their reporting from legacy systems to the LMS. This is due largely to resource constraints and the complexity of incorporating specific requirements into the system. For now, these groups will continue to use their legacy systems for reporting purposes.

Once these processes are implemented for all the business units, all reporting around training will be done by the LMS. One of the ultimate goals for the system is to be able to report on government compliance both at the business unit and enterprise levels.

The FAA is now part of Delta's **end-to-end compliance process**.

This provides the agency with **automatic access** to training records.

Lessons Learned / Best Practices

The reorganization of Delta's learning organization and the implementation of its LMS may offer some guidance for other companies that want to achieve more efficient and more effective management of compliance processes.

An Effective Organization Is the First Requirement

Delta's first initiative to improve the learning environment was to reorganize around the company's new needs and challenges. Its solution was to retain a significant degree of autonomy for its six major learning groups, while creating a central learning organization that allowed sharing of services and best practices, as well as ownership of the LMS. The formation of the global learning council, comprising the heads of each learning organization, has provided a forum for communication and has helped Delta map learning needs across the enterprise.

E-Learning Brings Immediacy and Relevance to Training

An important benefit that e-learning has brought to Delta is the ability of employees to access information any time and anywhere on an as-needed basis. For example, if flight attendants want to refamiliarize themselves with a particular type of aircraft that they haven't flown on recently, they can access information from the LMS to see how the aircraft is configured, where the exit doors are and where emergency equipment is located. Being more familiar with the equipment helps them do their jobs better, enhances safety and enables better service to passengers.

Strategic Use of Resources Can Achieve Early, Sustainable Gains

Virtually all organizations face the challenge of applying limited resources to a variety of pressing needs. Delta understood early on that it would not be able to fully leverage the benefits of its LMS in the short term. It quickly identified which capabilities of the LMS were most valuable and invested

Delta's six major **learning groups retain considerable autonomy** while a central learning organization provides shared services and manages the LMS.

Quickly identifying and addressing the **most urgent** compliance needs resulted in **early, sustainable gains**.

resources into developing its e-learning program. The company focused first on those divisions that could easily access courses through its intranet. More complicated and resource-intensive projects, including making e-learning available to pilots and expanding use of the LMS for reporting purposes, are ongoing.

Next Steps

As previously discussed, Delta is in the process of making it possible for its pilots to access e-learning through the Internet. This should be implemented within the next year, at which point, e-learning will be available to all of the company's six divisions. Additionally, the four businesses currently using legacy systems for reporting purposes are continuing their work in converting data to the LMS.

Delta is also involved in efforts to continuously improve the operational efficiencies of its compliance training program. For example, under the AQP federal initiative, the company is developing ways to fine-tune the training process to focus more specifically on learners' needs, while saving resources.

According to the AQP, the FAA can allow significant departures from traditional requirements for compliance training for pilots, flight attendants and dispatchers. However, to be eligible, the airline must first conduct a systematic front-end analysis of training requirements for specific jobs and then redesign its curriculum content based on these findings. Pilots are already operating under AQP and in-flight service has just received approval for its application to begin transitioning flight attendant training.

With the LMS as a tool for objectively measuring learning and employee proficiency, Delta hopes to be able to use AQP to provide compliance training that is more efficient, value-added and relevant to its learning audience.

Summary

As of mid-2006, five out of the six major business units, representing 80 percent of all employees, had implemented the LMS. Having a delivery

By objectively **measuring learning and employee proficiency**, Delta hopes to make compliance training **more efficient, value-added and relevant** to learners.

mechanism for e-learning has been a critical factor in reducing the cost and time required for recurrent training, as well as a portion of initial training.

The LMS has proven to be a valuable tool to Delta. By far, the greatest benefits have come from the ability to deploy and track e-learning and reduce time to competency. From 2004 to 2005, Delta was able to reduce its training budget by 29 percent and its learning staff by 25 percent, while increasing training hours by 33 percent.

With respect to reporting, the LMS is clearly a work in progress. Delta faces a common dilemma: having to invest resources in the short term (to fully migrate from its legacy systems) to save resources in the long term. But the company has made progress in this area. Having fully migrated two divisions to the LMS, Delta is leading the industry in the ability to fully integrate its reporting function with the FAA.

The ability to **deploy and track e-learning and reduce time to competency** has brought the greatest benefits.

In one year, the **training budget decreased by 29%** while **training hours increased by 33%**.



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