



# Online Educa Presentation: Examining the Strategic Value of Learning

Dr. Tony O'Driscoll, IBM Almaden Services Research



# Agenda

**Study Genesis**

**Objectives and Approach**

**Findings and Interpretations**

**Conclusions and Insights**

It all began with a question .....

**If America spends \$ 100B on  
Training each year**

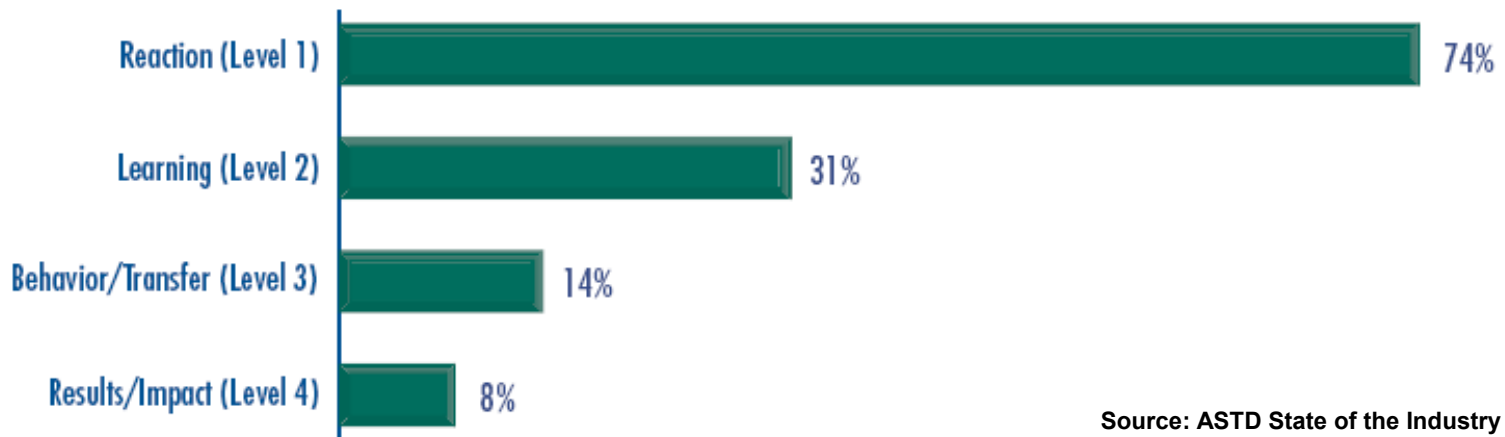
**And, only 8 % of companies measure  
learning's ROI at the program level**

**How is the other \$92B valued?**

## Followed by some research.....

This data continues to raise serious questions about **whether training is valued by organizations as a core business process**. An alternative interpretation is that **level three and four evaluation does not provide organizations with information they consider valuable**. (Holton et. al., 2004)

FIGURE 19: PERCENTAGE OF ORGANIZATIONS USING EVALUATION METHODS (BMS 2003)



The primary reason that **training is not evaluated** is usually the same for all levels: **It is not required by the organization**. Twichell, Holton, and Trott (2000)

## Ultimately leading back to the learning value question

In the face of business and industry's apparent **resistance to formal evaluation**, those in the training field must ask: **is it truly possible that business and industry spend billions of dollars without verifying the value of what they purchase?** This is highly unlikely.

Thus it is time to create **metrics that offer management an effective control tool and benchmark without having to evaluate all their training programs**. Program Evaluation will always have its place, but it **has proven to be an insufficient answer to the management problem**.

Additionally, it may also be time to revisit more deliberately the question of **"How are business and industry placing value on training"** instead of lamenting that they do not evaluate training by the accepted methods reported in the literature.

A more intensive **examination of organization decision making process about human resource development may reveal fundamentally different notions of what evaluation means from a business perspective**.

Simply, **if 40 years of promoting evaluation use has not changed the overall picture, something else must be needed**. Twichell, Holton, and Trott (2000)

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# IBM research indicates that talent and skills will become paramount as businesses move towards growth over the next 2-3 years



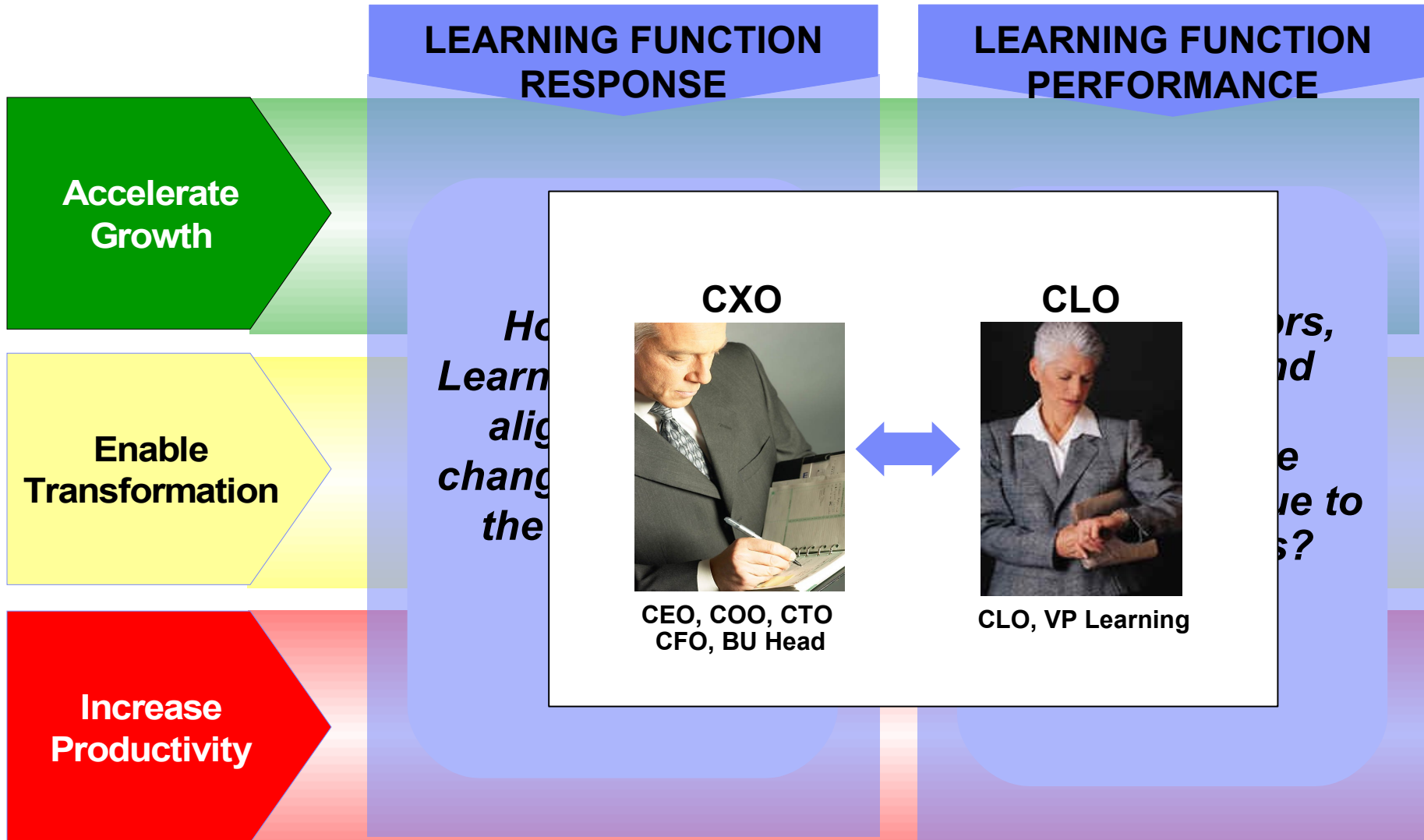
**Accelerate Growth** *Top line revenue growth is back on the CEO agenda for the next three years*

**Enable Transformation** *This growth focus is accompanied by a number of organizational, management, talent and infrastructure barriers*

**Increase Productivity** *At the same time, most CEOs also believe that they must maintain their ongoing emphasis on cost containment*

**Growth and differentiation will happen through great *focus and attention on people*. 75% of CEO's interviewed believe that *employee education is critical* for future enterprise success.**

This research asked CXOs and CLOs how the learning function should respond to business needs and be held accountable for adding value



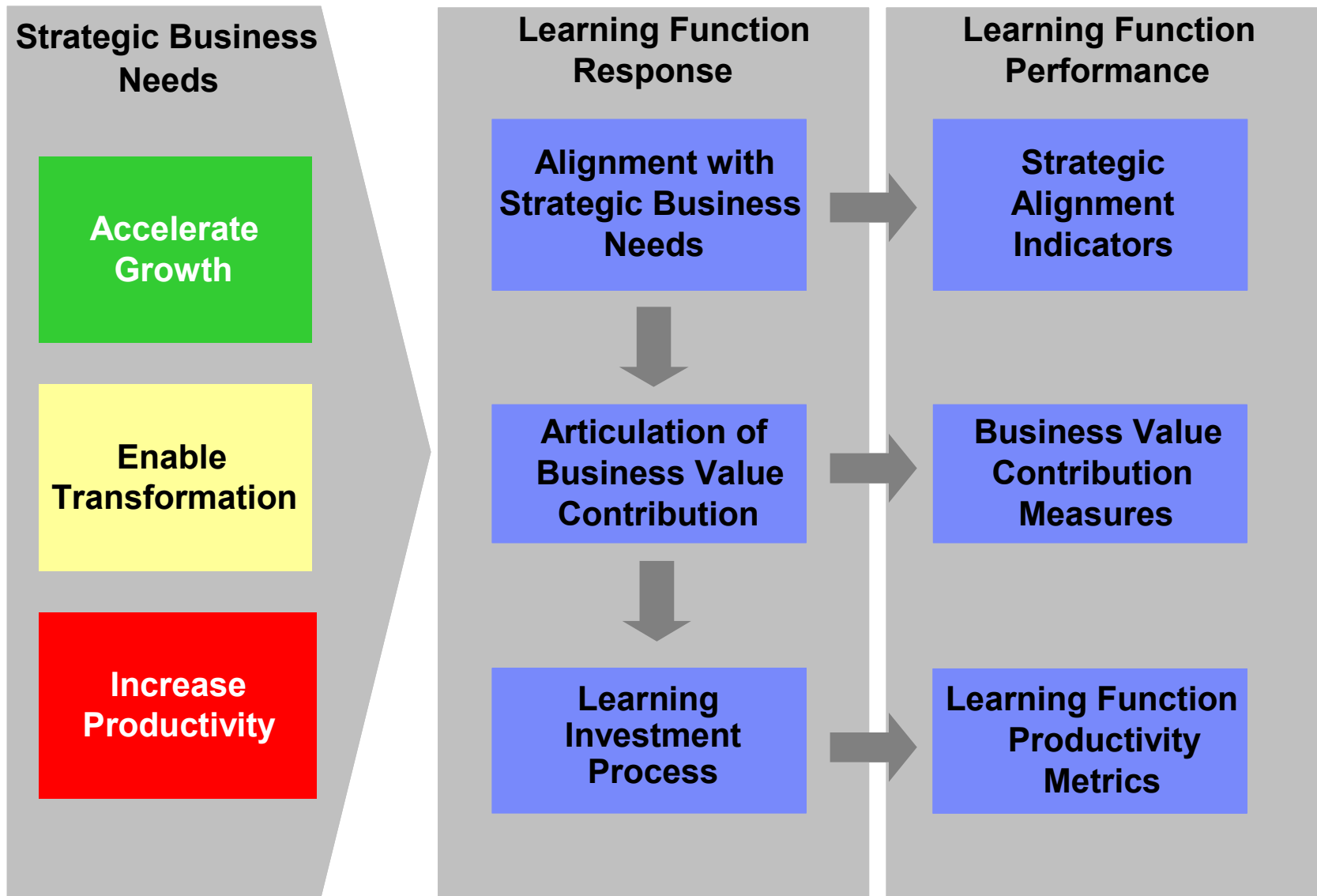


# We interviewed 26 leading organizations across 11 industry sectors

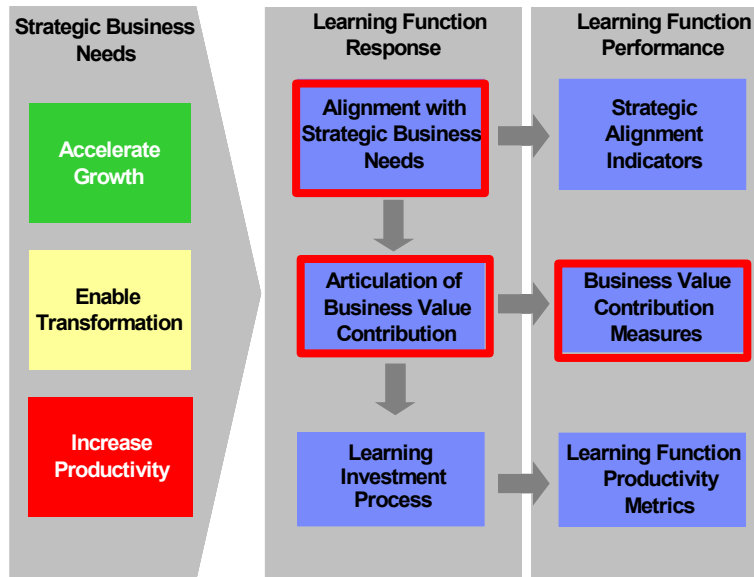
<b>Airlines</b>	<ul style="list-style-type: none"> <li>■ Delta Airlines</li> <li>■ Jet Blue</li> </ul>
<b>Automotive</b>	<ul style="list-style-type: none"> <li>■ Lexus</li> </ul>
<b>Financial Svcs &amp; Banking</b>	<ul style="list-style-type: none"> <li>■ American Express</li> <li>■ Barclays Bank</li> </ul>
<b>Government</b>	<ul style="list-style-type: none"> <li>■ Navy</li> <li>■ New York Fire Dept.</li> <li>■ Social Security Admin.</li> </ul>
<b>Manufacturing</b>	<ul style="list-style-type: none"> <li>■ Caterpillar</li> <li>■ Steelcase</li> <li>■ Molex</li> <li>■ Johnson Controls</li> </ul>

<b>Media</b>	<ul style="list-style-type: none"> <li>■ BBC</li> </ul>
<b>Retail</b>	<ul style="list-style-type: none"> <li>■ Coffee Bean &amp; Tea Leaf</li> <li>■ Godiva</li> <li>■ SAB Miller</li> </ul>
<b>Pharma &amp; Healthcare</b>	<ul style="list-style-type: none"> <li>■ BD</li> <li>■ Eli Lilly</li> <li>■ Humana</li> <li>■ Novartis</li> </ul>
<b>Industrial</b>	<ul style="list-style-type: none"> <li>■ Agilent</li> <li>■ Raytheon</li> </ul>
<b>Telecom</b>	<ul style="list-style-type: none"> <li>■ Nextel</li> </ul>
<b>Technology</b>	<ul style="list-style-type: none"> <li>■ IBM</li> <li>■ SAS</li> <li>■ SAP</li> </ul>

# Our research framework was comprised of six areas



# The six areas correspond to the six questions asked of CXOs and CLOs



How does the learning function provide strategic value to your organization?

How does the learning function's strategic activity translate into business results?

What is your involvement in the learning investment process?

How do you know the learning function is maintaining ongoing alignment with your strategic business needs?

How do you measure the learning function's value contribution to your organization?

How do you know the learning function is performing as efficiently as possible?

## Shameless Plug: For more detail on this study read the article in the October edition of T+D



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**Study Genesis**

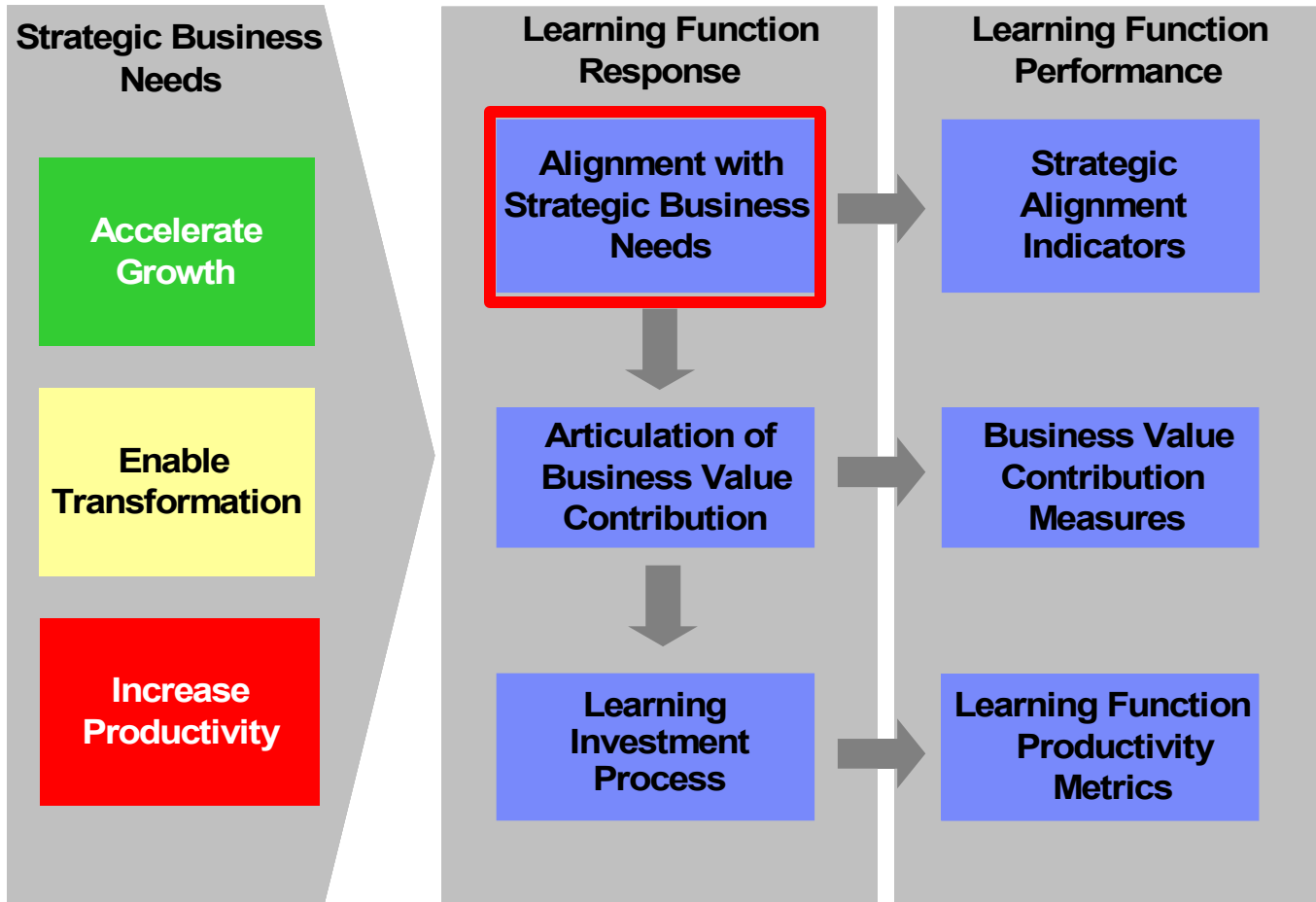
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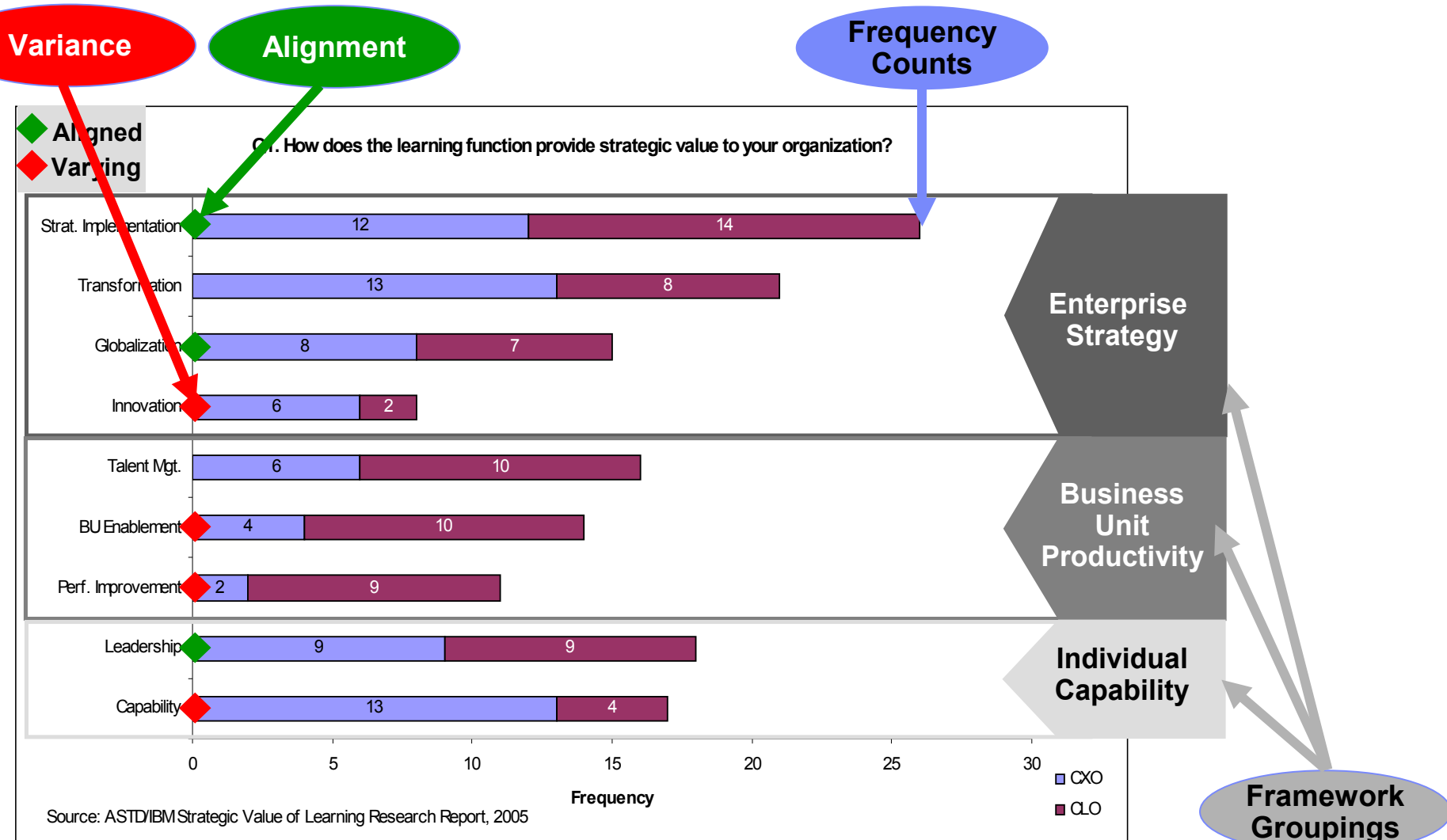
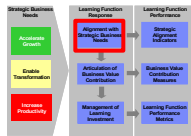
## Question 1

# How does the learning function provide strategic value to your organization?

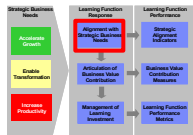




# Q1: Response Framework



# Q1: Strategic Value - Representative Quotes



Enterprise Strategy

The learning function should lead not respond. It should be proactive and be included in the strategic thought process and data flow of executives.

We are seen as a strategic lever to drive growth and provide data to shape decisions on what we do as a business.

Business Unit Productivity

As labor costs rise, our cost structure does not allow us to pay more for labor. We leverage learning to compete for labor. It is our competitive differentiator.

Learning will engage early to analyze and improve the design of jobs and processes and technology based performance support tools.

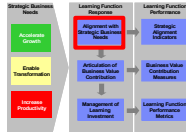
Individual Capability

Learning is the major investment to build the capability to drive the business forward.

95% of our learning is technical and focused on skills and performance. At a basic level, training allows our organization to operate.



# Q1: Strategic Value - Additional Quotes



The learning function has to become more strategic, otherwise it is an unaffordable luxury.

The strategic value of learning will heighten as change increases. Growth lies within organic change. Learning's job is to make sure we have the skills and talent to capitalize on this change.

Learning has to bring customers and employees along the change journey. Its role is to build the platform to enable us to change the business.

At the end of the day, training needs to decide if it wants to continue to be an offshoot of HR or become a strategic part of our organization.

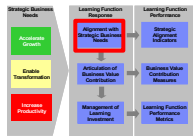
The learning function will perform a performance improvement role. Productivity tools for employees will go beyond transaction based tools to sense making to help them use and interpret the customer information they access.

The strategic value of learning is to reduce the cost of turnover and increase employee engagement.

Accelerated globalization of the workforce requires more innovative approaches to learning to go across barriers imposed outside the business world.

The business plan for learning ties directly to the BU goals. These also incorporate our roll-up from the individuals' development plans.

# Q1: Strategic Value - Insights and Implications



## Insights

- ❑ CXOs see learning's strategic value as building the **strategy and capability** necessary to address the **future challenges of the enterprise**
- ❑ CLOs are focused on moving beyond learning to focus on **performance and talent** issues related to the **current needs of business units**

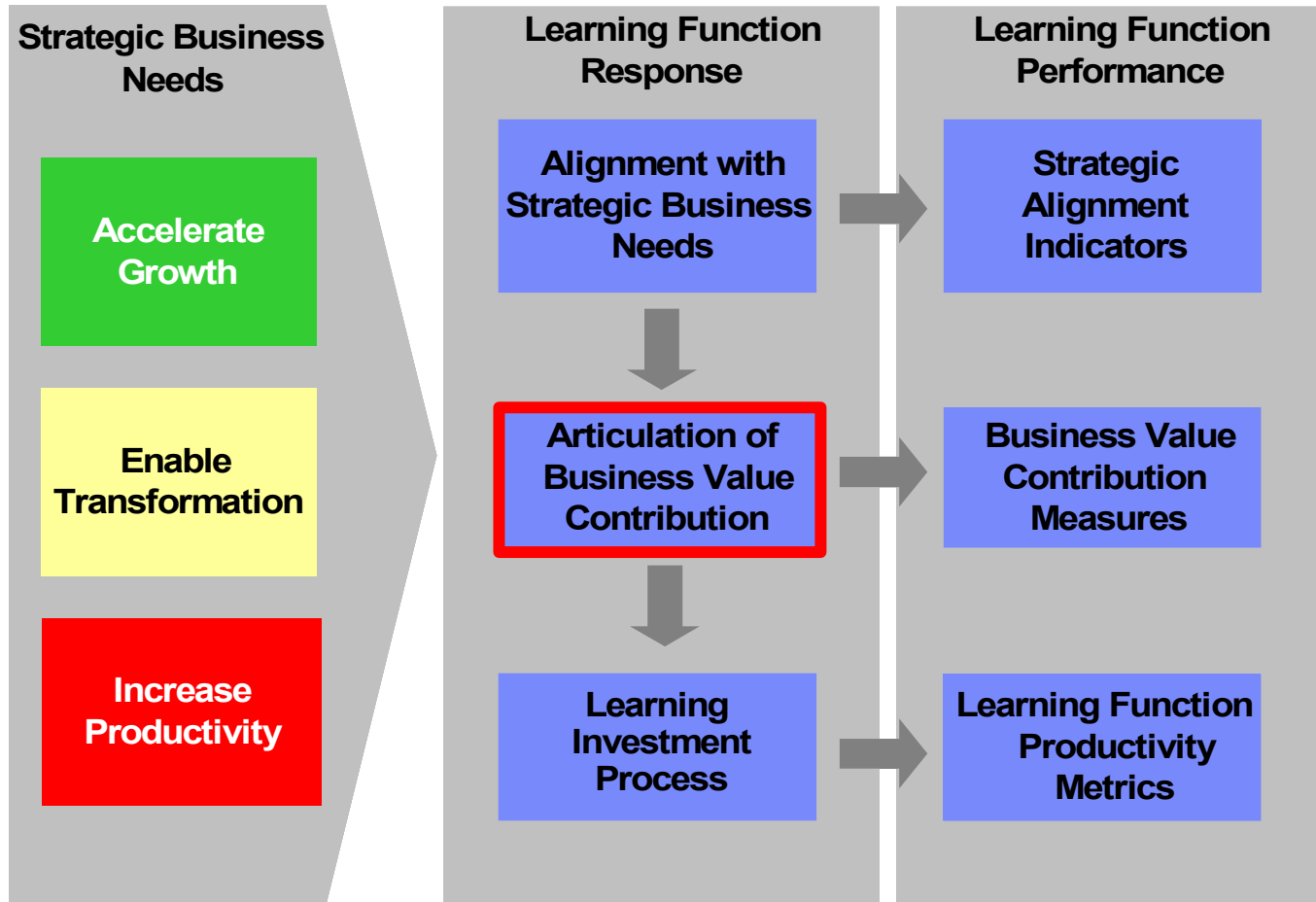


## Implications

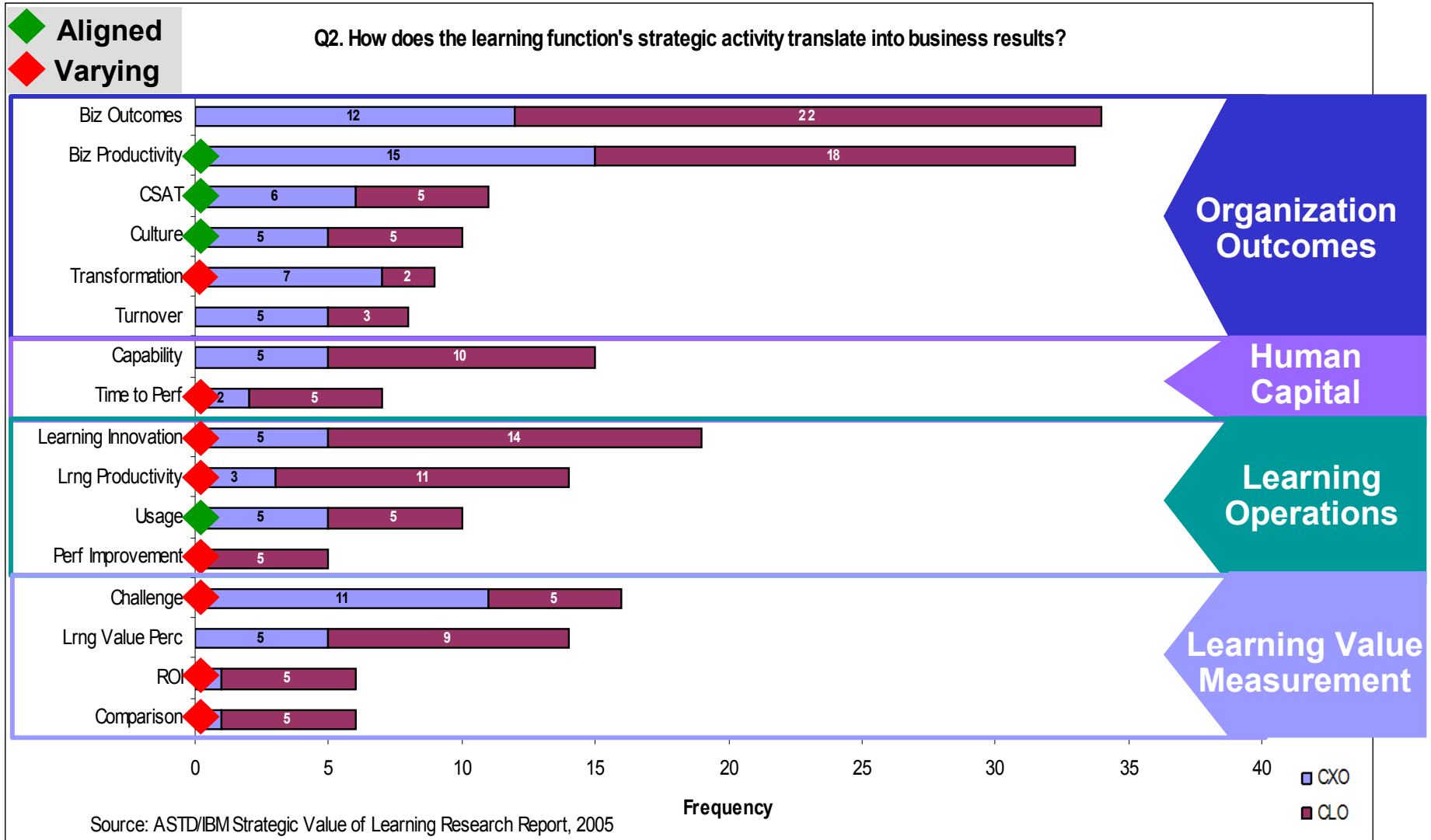
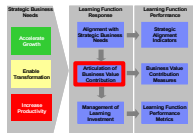
- ❑ CLOs should develop learning **strategies, approaches and infrastructures** that can simultaneously respond to **enterprise level strategic needs, business unit operational needs and individual development needs**
- ❑ CXOs should articulate where they think learning can add strategic value at the enterprise level and discuss how this aligns with business unit and individual capability needs

## Question 2

# How does the learning function's strategic activity translate into business results?

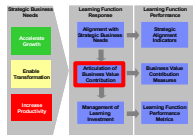


# Q2: Response Framework





# Q2: Business Results - Representative Quotes



Organization Outcomes

**Our metrics for learning are business outcome focused. We focus on learning's contribution to cost, quality and speed.**

**As long as our company is doing well it doesn't matter what we say about how well learning is doing.**

Human Capital

**Value is created by the people, not by learning. It is the people who improve their skills that delivers value, not the training itself.**

**We're focusing more on roles within the firm and conducting control group studies to determine the impact of learning on a given role.**

Learning Operations

**We don't look at the cost of training, but at how training helps us take cost out of the business itself.**

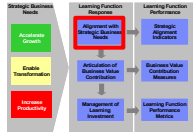
**We want to reduce training costs, be more productive and have better quality training.**

Learning Value

**The only way to separate out the value of learning would be via controlled experiment and I'm not willing to pay for that. I don't need explicit proof.**

**Our efforts in tracking ROI for learning are greater than the demands of our senior executives.**

## Q2: Business Results - Representative Quotes



**I am not concerned with separating out the business value attributed to learning.**

**Our measurement is quite patchy. We need to find new ways of demonstrating value as learning becomes more integrated into the strategy of the business. We would like to translate the best practices from the US to other regions.**

**Learning will continue to grow in importance and focus as we become more change oriented.**

**In the future I hope to see more learning contribution to innovation. We are developing new business processes to support innovation so the curriculum will focus on those processes too.**

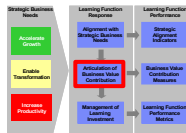
**I don't believe in ROI for learning. We can do correlations but not calculations when it comes to valuing learning.**

**Training metrics are self referencing. The answer is not to isolate yourself from other functions that impact the business.**

**Our competence index can be tied to business outcomes so I can show correlation between role competence and business impact.**



## Q2: Business Results - Insights and Implications



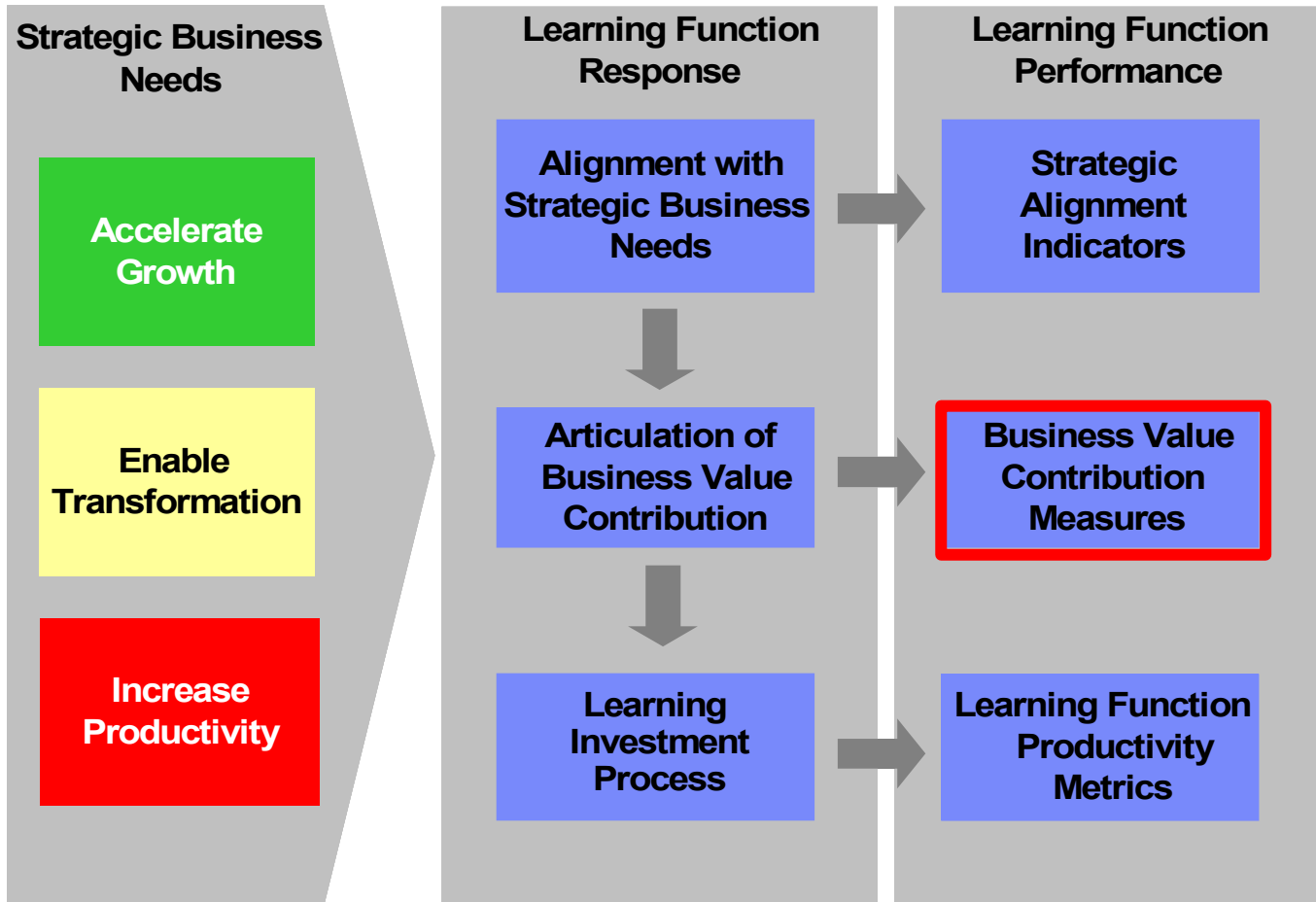
- ❑ CXOs have **faith** that learning contributes to **organization outcomes** and **do not require direct evidence** to substantiate their belief
- ❑ CLOs are looking to apply **increasingly sophisticated techniques** to isolate the strategic value of learning as **proof** of their value add
- ❑ CLOs view **learning function innovation and productivity** as a key measure of Business Value Contribution



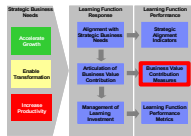
- ❑ CLOs should not underestimate the importance of **stakeholder perceptions** as they relate to value demonstration. CLOs should **balance metrics and ROI data with anecdotal evidence** of learning's value
- ❑ CXOs should discuss with their CLOs the type of evidence/data they would like to demonstrate learning's value and make decisions about future investments

## Question 5

# How do you measure the learning function's value contribution to your organization?

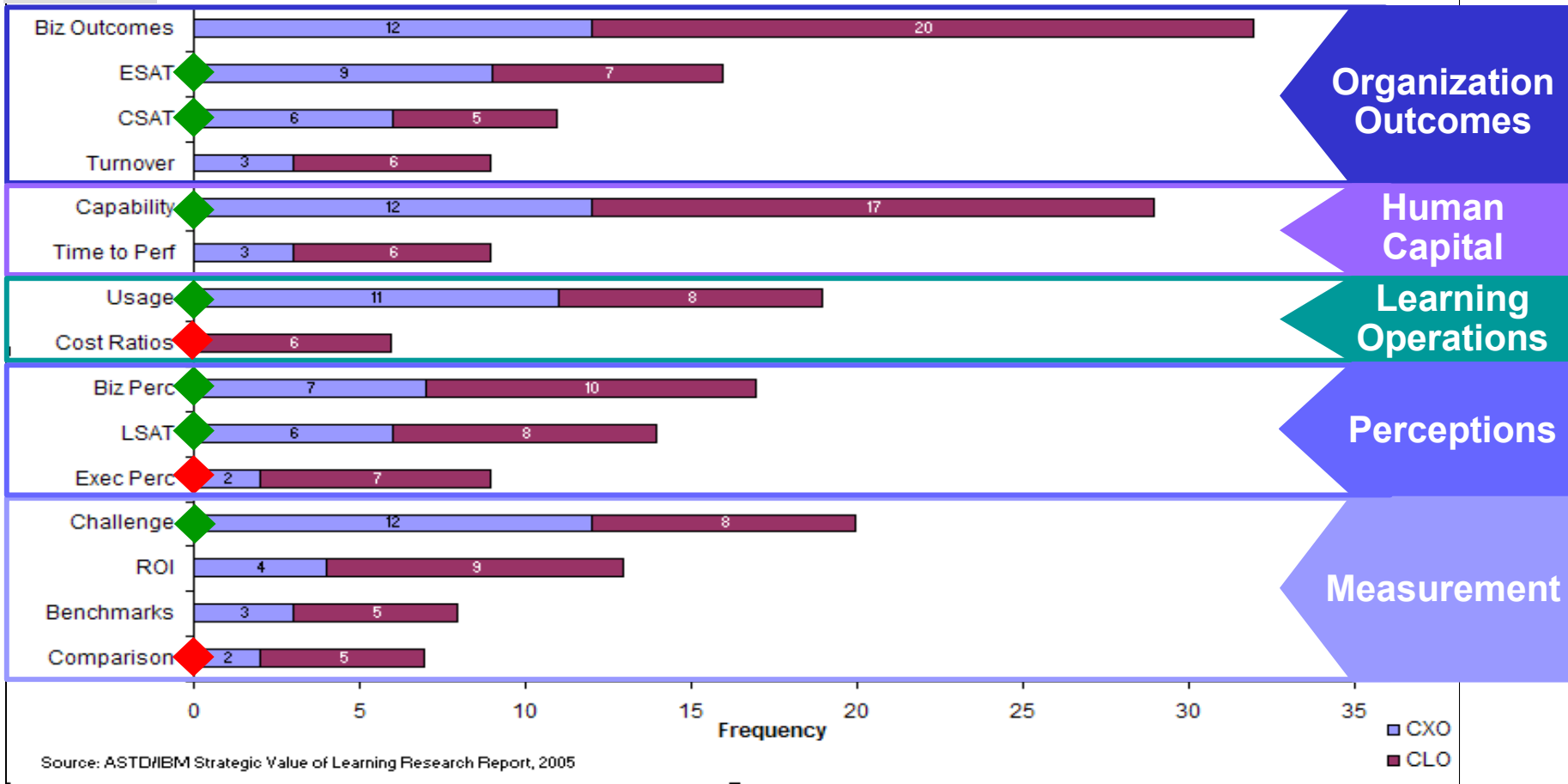


# Q5: Response Framework



- ◆ Aligned
- ◆ Varying

Q5. How do you measure the learning function's value contribution to your organization?



# Q5: Measures - Representative Quotes



**Organization Outcomes**

**We must separate output from outcomes. Output is how people feel about the program. Outcomes are the causal links between learning and performance.**

**As long as our company is doing well it doesn't matter what we say about how well learning is doing.**

**Human Capital**

**We look at performance rankings for each employee and track improvements in performance or promotion against what training they received.**

**We'd like to get a handle on exactly when a team member becomes a productive, revenue producing asset.**

**Learning Operations**

**We measure learning throughput.**

**We have benchmarks of learning investment but no real way to determine how to add or take away investment in terms of how it impacts the business.**

**Perceptions**

**Traditionally we measure the results of training through surveys of the stakeholders.**

**Our peoples perceptions are our only leading indicator. It provides us with insights on the areas need work.**

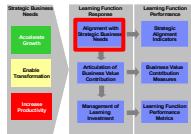
**Measurement**

**I can tell you how much we spend on learning not how much value it brings. Right now feedback and engagement are all we are really looking at.**

**We are moving away from discrete events, so measurement becomes harder. As learning becomes more invisible it is harder to claim success.**



# Q5: Measures - Additional Quotes



**My colleagues in the line do not invest in anything unless they get a return. They justify their own investments in learning.**

**For hard skills (technical, sales, prospecting etc.) I can measure results because there is a specific set of knowledge and I can see if the employees are performing better. But for the softer skills such as leadership and business creation, it is more challenging to find metrics. Yet it is the soft skills that can mode the needle of business performance to a greater extent.**

**We measure it based on the success of the business projects. Not qualitative metrics, but the perceptions of the business people that the learning function worked with.**

**It is very qualitative. I would like it to be more quantitative. We can pretend to put a dollar figure on it, but there is a major qualitative component.**

**Because we are decentralized, we can't see the total spend, priorities, participation, reach. I would like to be tracking those.**

**The businesses themselves define the value of learning. Since the businesses control the investment it is assured to deliver value.**

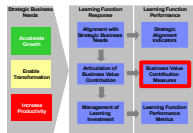
**There is a lack of measurement and automated systems for collecting data. We do a lot of manual calculations. We look at top line revenue, retention and store performance indicators.**

**We got wrapped around an axle with ROI. Those we play to don't care as much as we do about it. Less is more with metrics.**

**We have benchmarks of investment but no real way to determine how to add or take away investment in terms of how it impacts the business.**

**The metrics are great, but at the end of the day, if you don't have good relationships with your strategic partners in the business, it doesn't matter. You will not be perceived as successful.**

## Q5: Measures - Insights and Implications



### Insights

- Where **up front strategic alignment** has been established, most CXOs **don't** need to know learning's **direct business contribution**.
- Both look to **perception** data for **developmentally-oriented learning**.
- CLOs look to **business outcomes** data for **operationally-oriented learning**.
- Both default to **learning activity and usage** measures as a proxy for business value contribution.



### Implications

- CLOs should place increased emphasis on **up-front strategic alignment** to **organization outcomes** to complement their sophisticated **back-end program-level value measurement** approaches
- CXOs should discuss with their CLOs the measurement challenges associated with isolating learning's value contribution and agree on the amount and type of measurement that will be done, and how the data will be used for decision-making

# Agenda

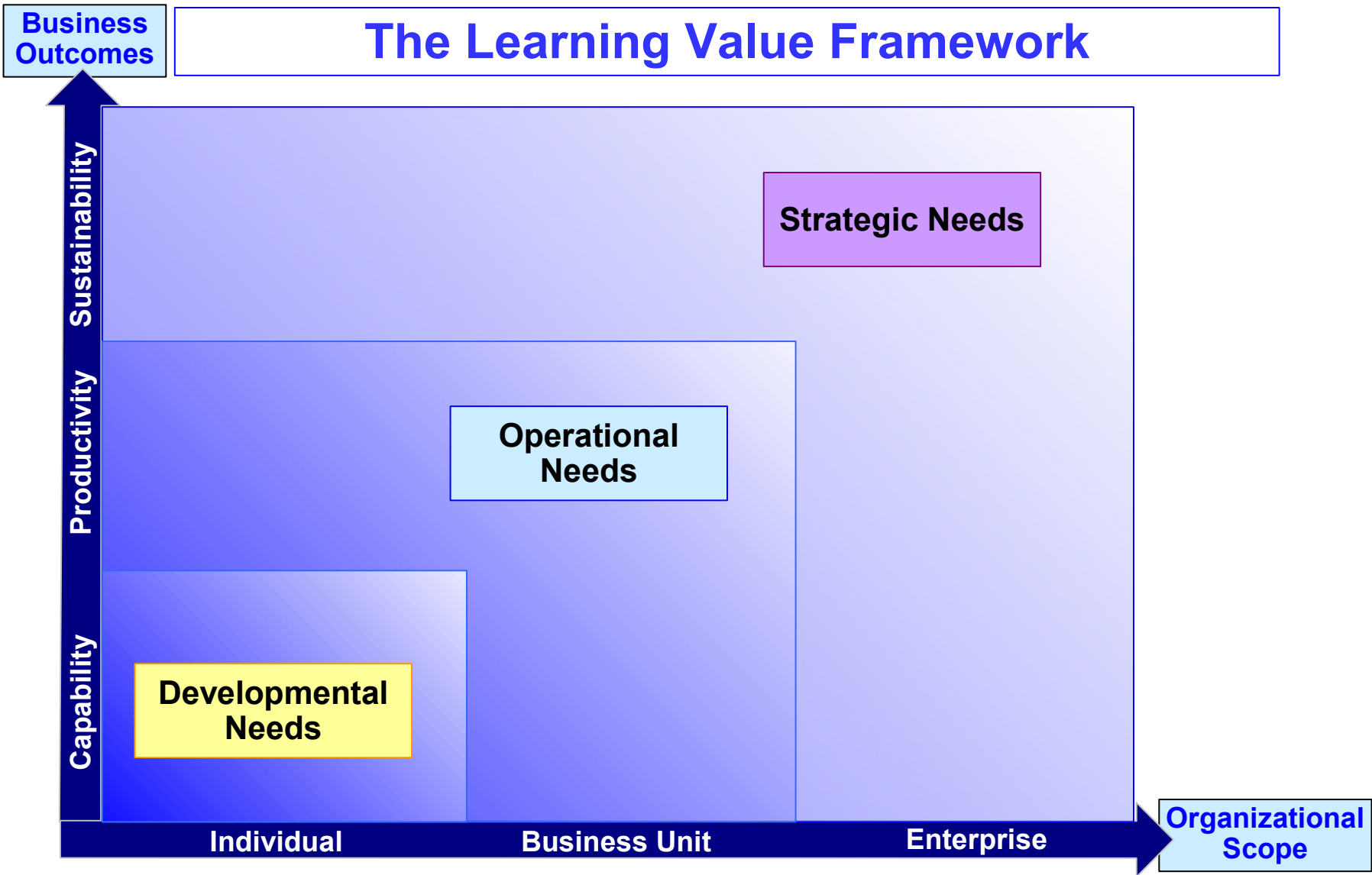
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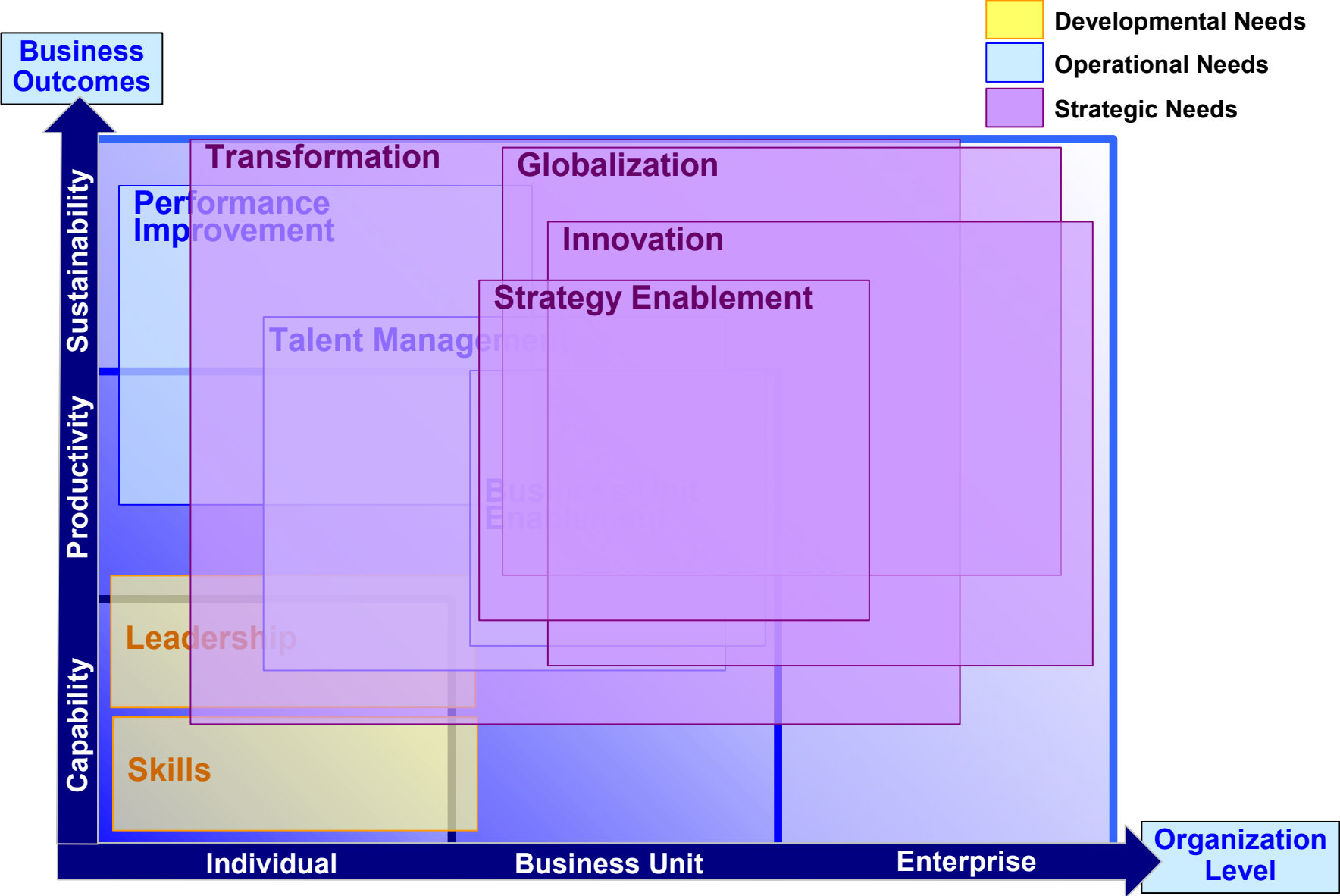
**Conclusions and Insights**

# Learning adds value at three discrete needs levels





# Framework coverage yields optimal learning value



## Top Nine List on the Strategic Value of Learning Lessons Learned

- Learning investment decisions are made based on **perceived future value** on the part of the stakeholder
- The **value expectation** behind the investment decision provides guidance on how to align, govern and measure learning
- **One alignment** approach **does not fit all** value expectations
- **One governance** approach **does not fit** all value expectations
- **One measurement** approach **does not fit** all value expectations
- **Up-front strategic alignment** trumps back-end justification measurement
- **Developmental needs** rely more heavily on **perception data**
- **Operational needs** rely more heavily on **business outcome/human capital data**
- **Strategic needs** rely on both **perception and business results data**

## The Dawn of a New Era for Learning Evaluation?

**ROX**  
*Expectations*



# Q&A

