

State of the Industry: USA

Brenda Sugrue, PhD
Senior Director of Research, ASTD

Panel with Jay Cross and Tony O'Driscoll

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STATE OF THE INDUSTRY

*ASTD's Annual Review of Trends in
Workplace Learning and Performance*

BRENDA SUGRUE
RAY J. RIVERA



Overview

<p>Purpose</p>	<p>Benchmarks for comparison and decision-making about learning investments and practices</p>
<p>Data Sources</p>	<p>Benchmarking Surveys Benchmarking Forum BEST Award Winners ASTD/IBM Strategic Value Study</p> 
<p>Big Trends</p>	<p>Investment, Governance and Alignment Value and Measurement Expanded Definition of Learning Expanded Scope of the Learning Function</p>

Context

- Recognition of the value of human capital
- Recognition of learning as a driver of human capital and organizational performance
- Pressure on the learning function to
 - demonstrate its value in business terms
 - improve its operational efficiency (“run learning like a business”)
- Globalization, innovation, increased speed of change



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Trend 1

Investment, Governance, and Alignment

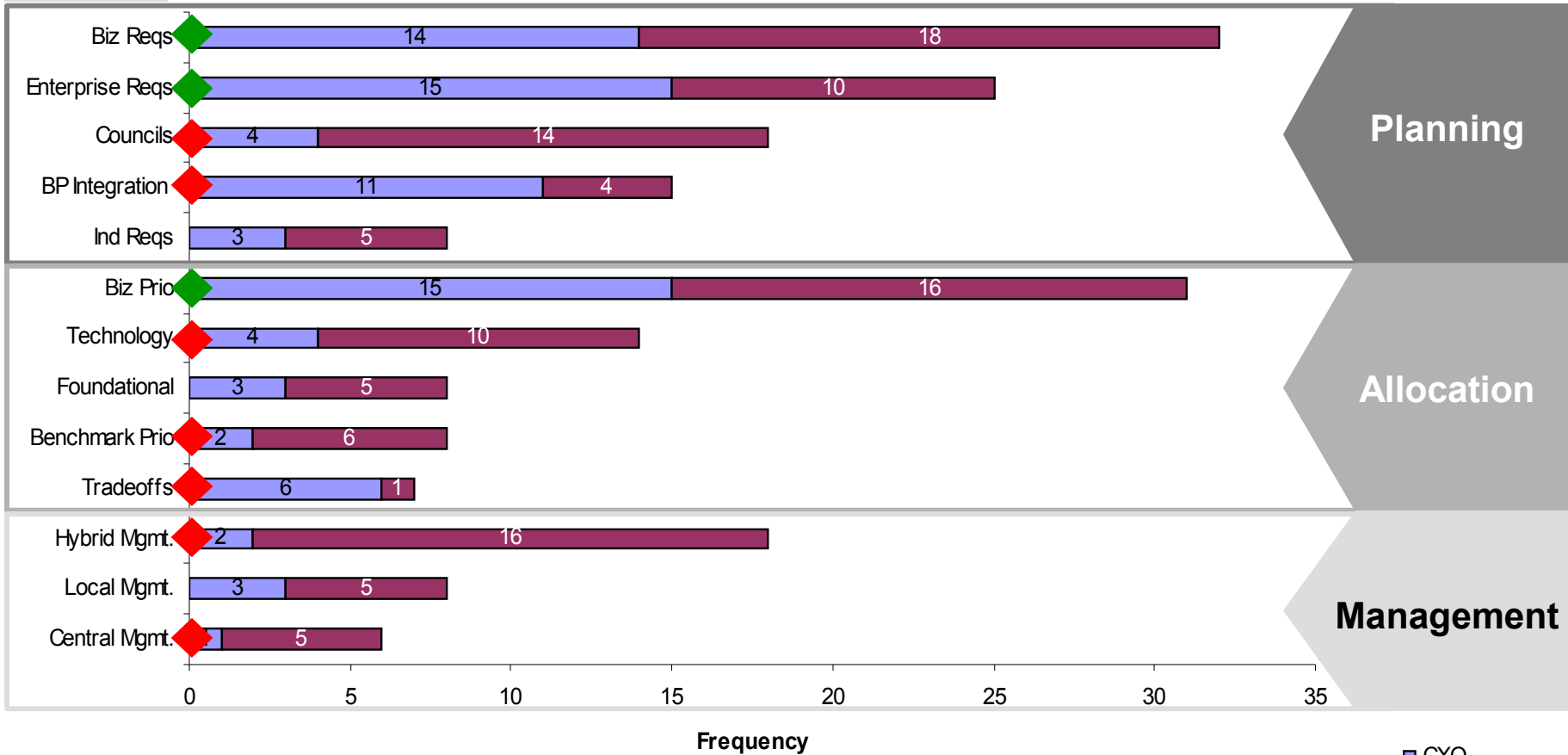
Figure 2: Average Expenditure per Employee
(U.S. Dollars)



Expenditure up in 2004, partly due to better governance

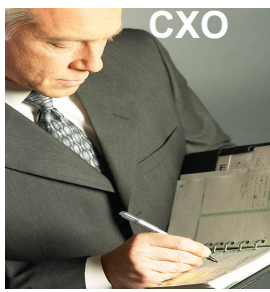
◆ Aligned
◆ Varying

Q3. What is your learning investment process?



Source: ASTD/IBM Strategic Value of Learning Research Report, 2005

Learning governance involves investment planning, allocation, and management



CXO



CLO

Planning

I look to the governance process to match my requirements for learning to the realities of what can be accomplished in the business climate.

In our model we have the funding in place and secured for learning before the organization has done anything.

Allocation

We'll scale back in some areas and emphasize others based on the needs of the business.

We have decentralized learning functions managed by a learning council. We work through a rather heated prioritization process for learning initiative investments.

Management

Right now I have allocated the biggest part of our learning budget to our biggest business issue.

I see myself as the product manager for learning for the enterprise. I ensure that the learning spend per employee is appropriate and that the distribution of that spend is aligned strategically.

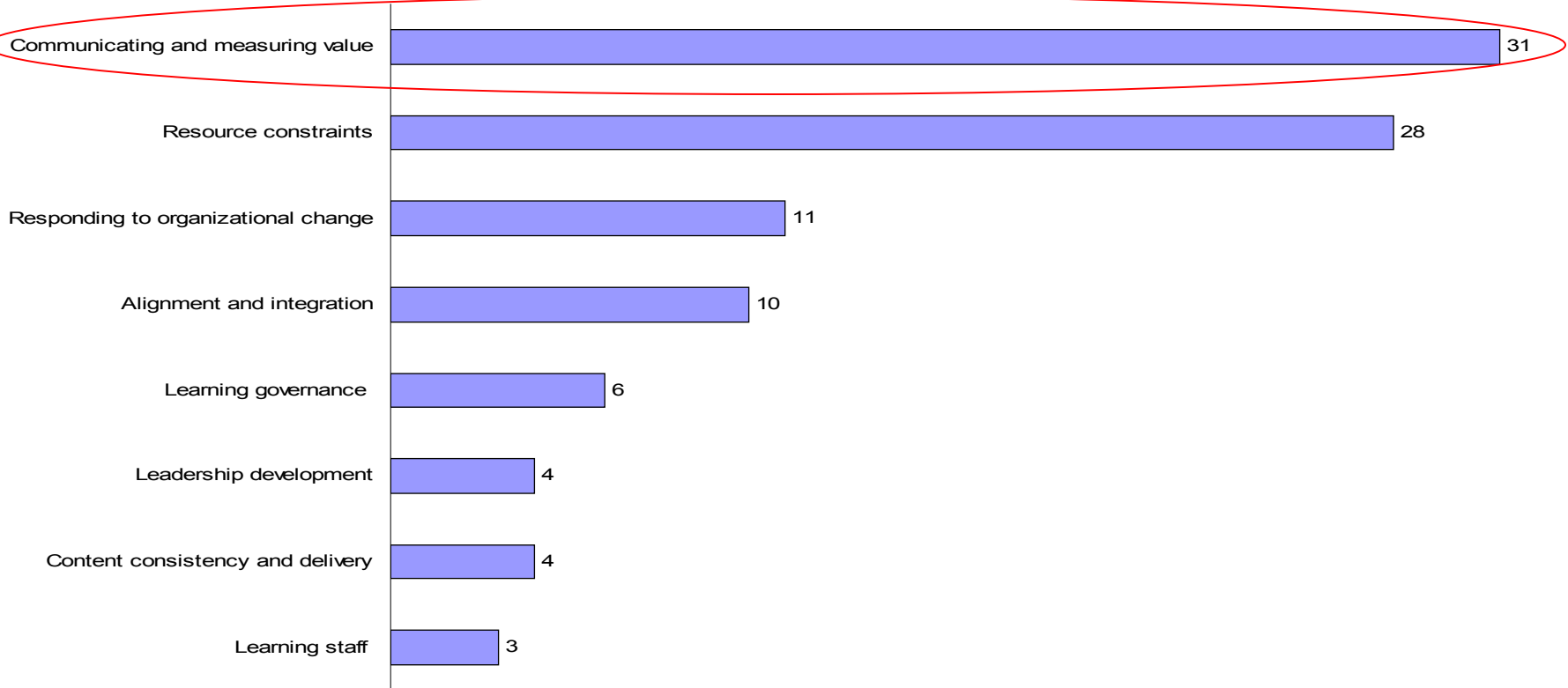
If learning is budgeted and managed as a separate function it is more likely that it will not be as closely aligned to the needs of the business.

My goal is to ensure that learning was planned for like any other investment within the business. I went around to the business leaders and said, you know you are spending dollars on training but you're not managing that investment with the same discipline as other parts of your business such as marketing or operations.

Trend 2

Value and Measurement

Describe the number one challenge you face in your current position.



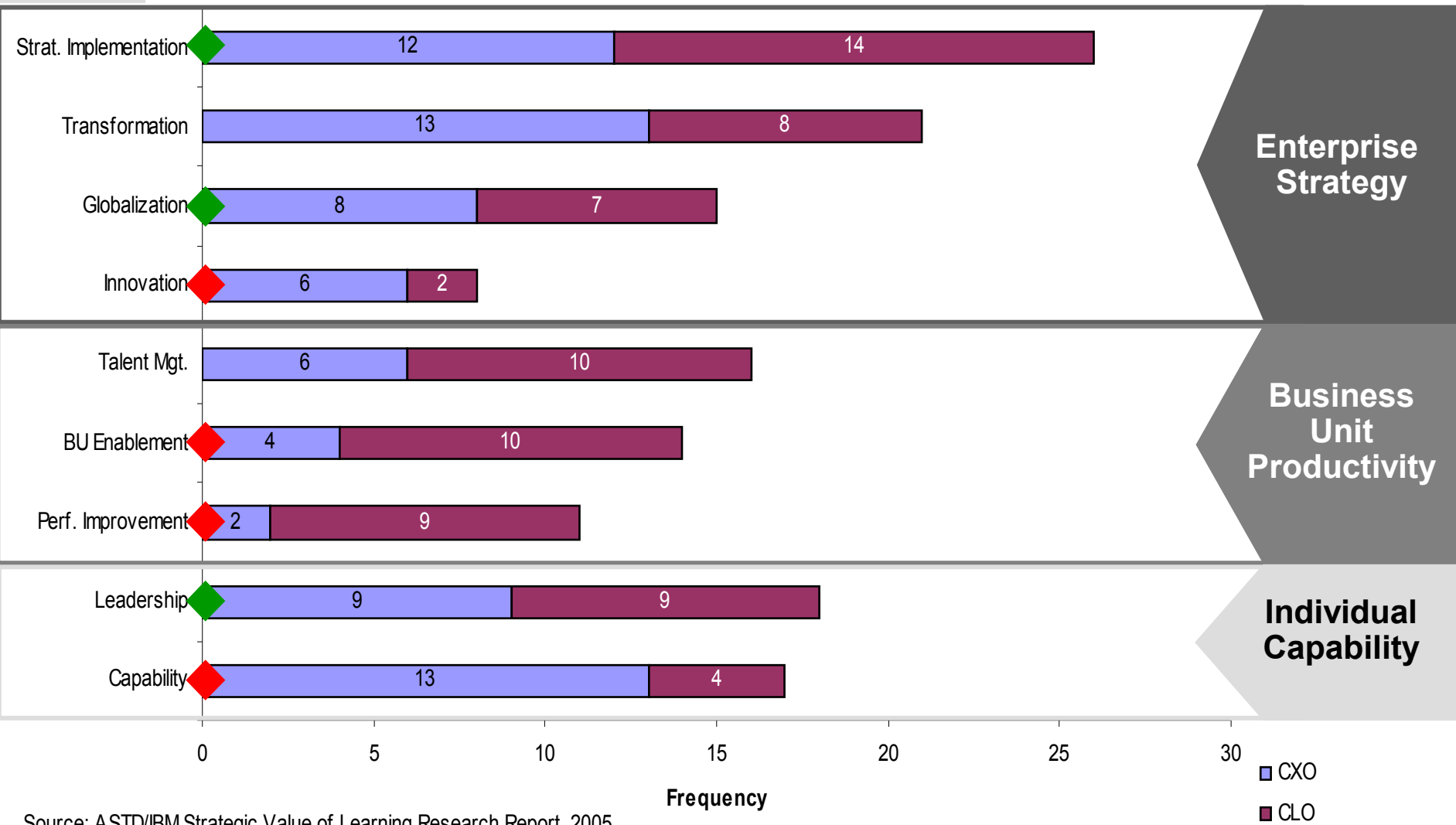
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Source: ASTD/University of Pennsylvania Chief Learning Officer Profile Research Report, 2005

Emphasis on learning's value is increasing

◆ Aligned
◆ Varying

Q1. How does the learning function provide strategic value to your organization?



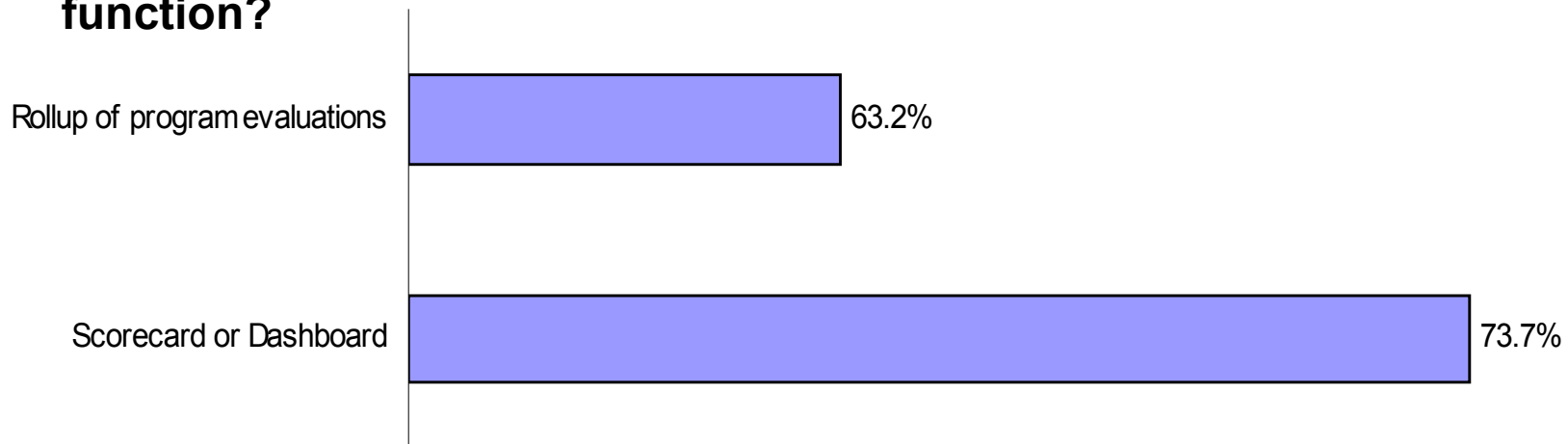
Source: ASTD/IBM Strategic Value of Learning Research Report, 2005

Learning provides strategic value at 3 levels

Usage of Program Evaluation Methods (BMF)

	Reaction (Level 1)	Learning (Level 2)	Behavior/Transfer (Level 3)	Results/ Impact (Level 4)	Return on Investment (Level 5) Projected	Return on Investment (Level 5) Actual
All Programs	91.3	53.9	22.9	7.6	3.2	2.1

How does your organization report the success of the enterprise learning function?



Source: ASTD Benchmarking Forum, 10/2005

Shift from program evaluation to enterprise level measurement

2005 BEST Award Winners

- Emphasis on front-end
 - alignment of learning with business goals
 - agree on value metrics before solution
- Scorecards, Dashboards
 - investment, operations, impact
 - one third mentioned the “levels”
- Efficiency is as important as effectiveness

Balanced Scorecard for WLP

Financial Perspective	Operations Perspective
<ul style="list-style-type: none">▪ Spend per FTE▪ Budget breakdowns	<ul style="list-style-type: none">▪ Staffing, processes▪ Time to create and maintain content
Customer Perspective	Innovation Perspective
<ul style="list-style-type: none">▪ Learner satisfaction▪ Organization (management) satisfaction▪ External customer satisfaction	<ul style="list-style-type: none">▪ Growth of the learning function▪ Role of learning in driving organizational growth and innovation


WLP Scorecard Report

- **Financial Indicators** monitor and compare financial aspects of the learning function. They cover expenditures and cost ratios.
- **Operations Indicators** monitor and compare operational aspects of the learning function. They cover staffing, processes, and output indicators.
- **Customer Indicators** monitor and compare internal learning function's customer behavior and satisfaction. They cover usage, learner satisfaction, and manager satisfaction.
- **Innovation Indicators** monitor and compare innovative aspects of the learning function. They cover integration, work-based learning, and performance improvement.

Sample Scorecard Report

http://research.astd.org - WLP Scorecard - Microsoft Internet Explorer

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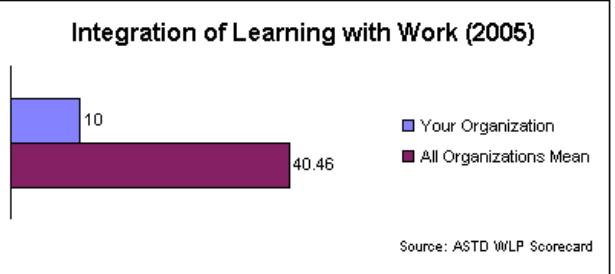
ASTD WLP Scorecard

Overview | Organization Profile | Input | Scorecard Reports

Scorecard Reports 2005

Financial | Operations | Customer | Innovation | Customize | BMF

Integration of Learning with Work (2005)



■ Your Organization
■ All Organizations Mean

Source: ASTD WLP Scorecard

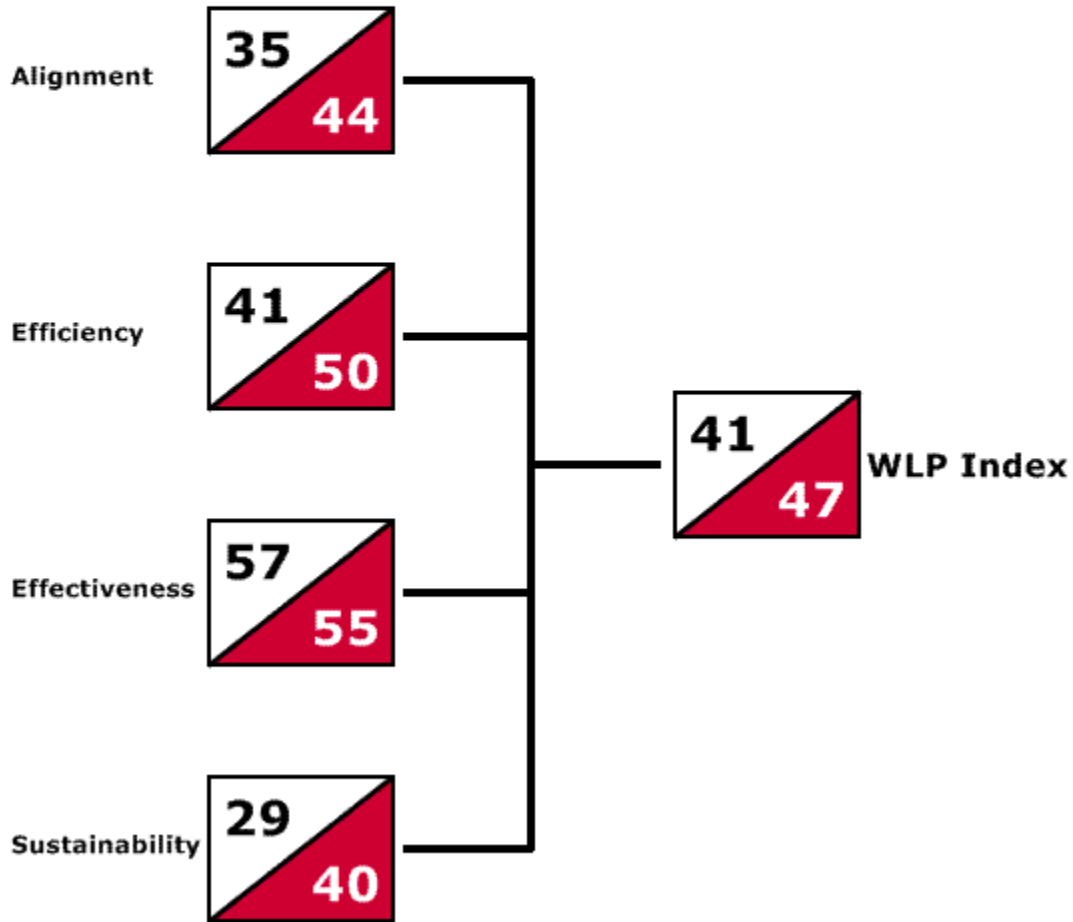
Innovation Indicators	Your Organization		All Organizations				
	Value	Rank	Mean	Median	Min	Max	n
Percentage of All Learning Usage that is Work-based	65.65	0	91.73	91.96	65.65	99.95	130
Ratio of Reference Content to Formal Learning Content	0.01	0	0.1	0.1	0.01	0.16	130
Integration of Learning with Work	10	0	40.46	40	10	100	131
Integration of Formal and Work-based Learning	10	0	38.05	38	10	60	130
Percentage of Formal Learning Delivered Online	51.5	0	51.99	52	50	53	130
Automation of Learning Function Processes	20	0	44.81	45	20	50	130
Percentage of Learning Staff Time Spent on Proactive Performance Analysis	12.5	0	12.99	13	10	15	130
Percentage of Learning Staff Time Spent on Exemplary Performer Analysis	6.5	0	6.99	7	3	10	130
Percentage of Learning Staff Time Spent on Non-learning Solutions	20	0	20	20	5	35	130
Number of Hours of Knowledge Sharing Planned/Facilitated per Learning Staff Member	1.65	0	1.73	1.65	1.65	11.9	130
Modularity of Formal Content	60	0	60	60	60	60	129

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WLP Index Report

WLP Index Alignment Efficiency Effectiveness Sustainability BMF




WLP Index Report

- The **Alignment Index** measures the extent to which the learning function is aligned with organizational goals and other aspects of the organization.
- The **Efficiency Index** measures the efficiency of the learning function.
- The **Effectiveness Index** measures organizational productivity, human capital, financial performance, employee retention, and satisfaction.
- The **Sustainability Index** measures the extent to which the learning function can sustain its current level of success.
- The **WLP Index** is a combination score based on alignment, efficiency, effectiveness, and sustainability scores. The WLP Index represents that overall quality of the learning function.

Sample Index Report

http://research.astd.org - WLP Scorecard - Microsoft Internet Explorer

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WLP Scorecard


Overview | Organization Profile | Input | Scorecard Reports | Index Reports | Help

WLP Index Reports 2005

WLP Index | Alignment | Efficiency | Effectiveness | Sustainability | BMF


Current

Efficiency



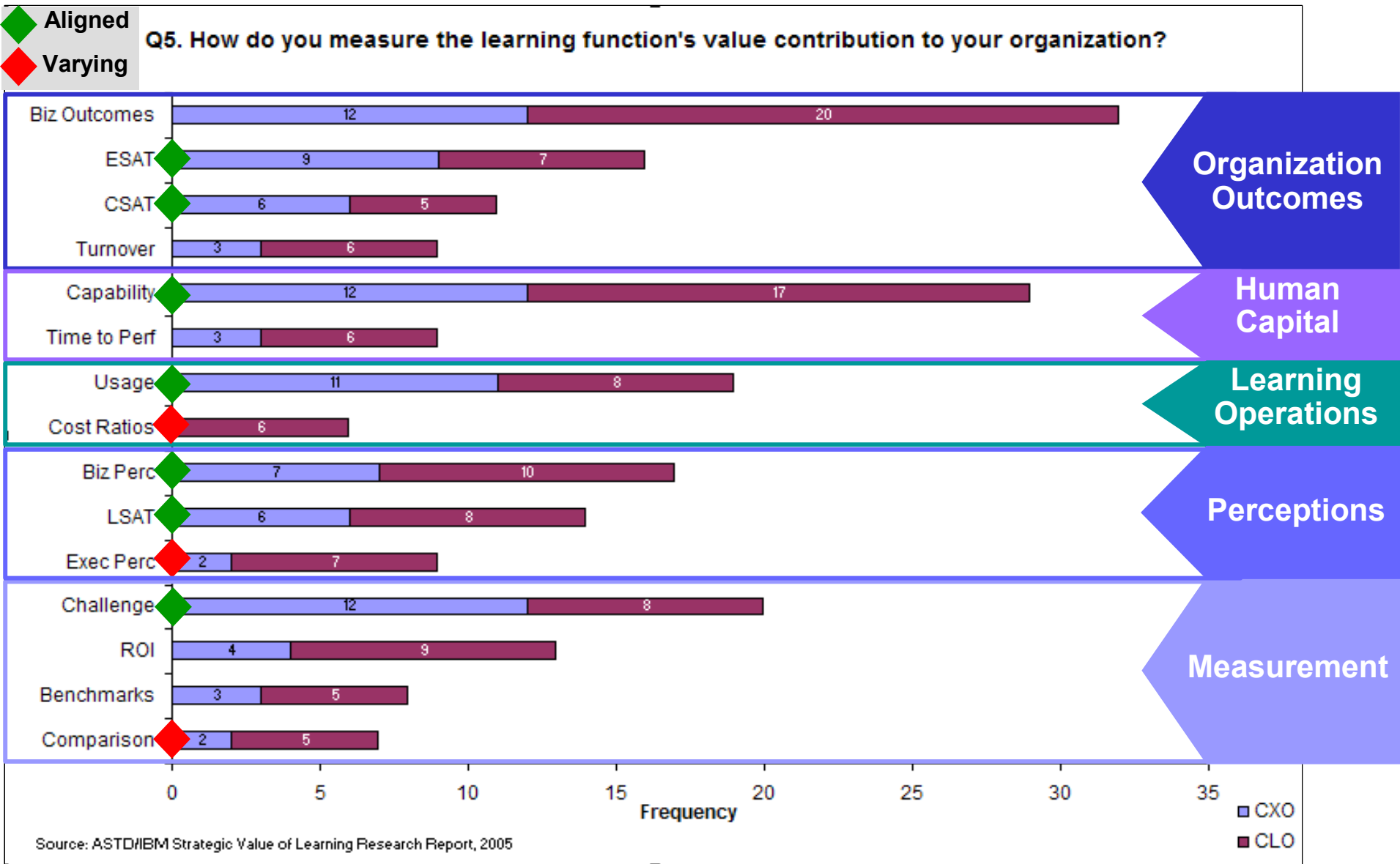
New

Efficiency



Predictor	Your Value	Mean Value of Top Scorers	Priority	Change Your Score
Expenditure per employee (direct formal)	1273.15	1445.9		<input type="text"/>
Expenditure per employee (total formal and work-based)	65312.5	6188.03		<input type="text"/>
Expenditure (direct formal) as percentage of payroll (without taxes and benefits)	22.58	3.07		<input type="text"/>
Percentage of expenditure on external services	50.33	50.01		<input type="text"/>
Percentage of expenditure on technology infrastructure	42	42		<input type="text"/>

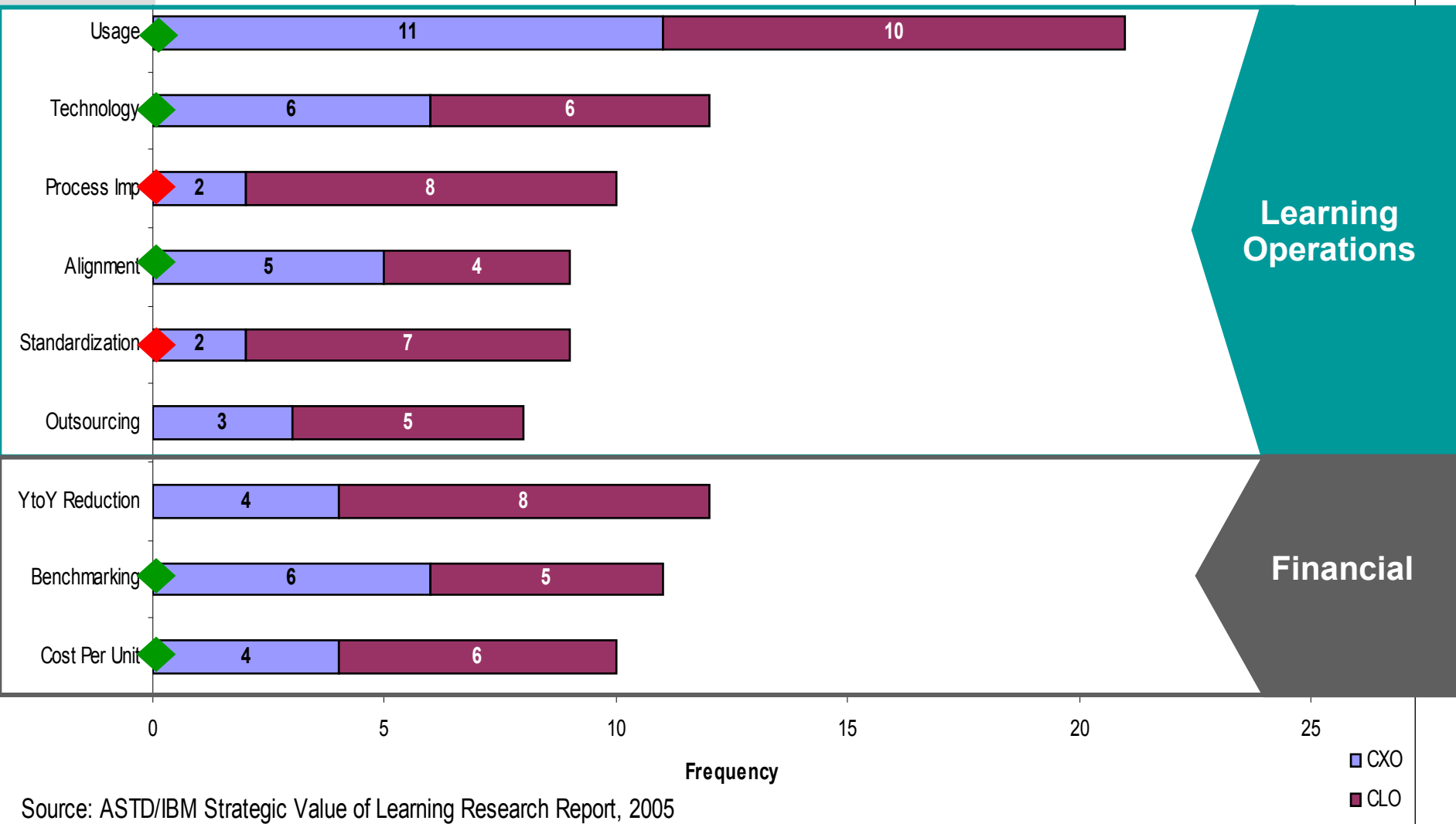
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Effectiveness indicated by business outcomes, human capital, and perceptions (also in BMF)

Q6. How do you know the learning function is performing as efficiently as possible?

◆ Aligned
◆ Varying



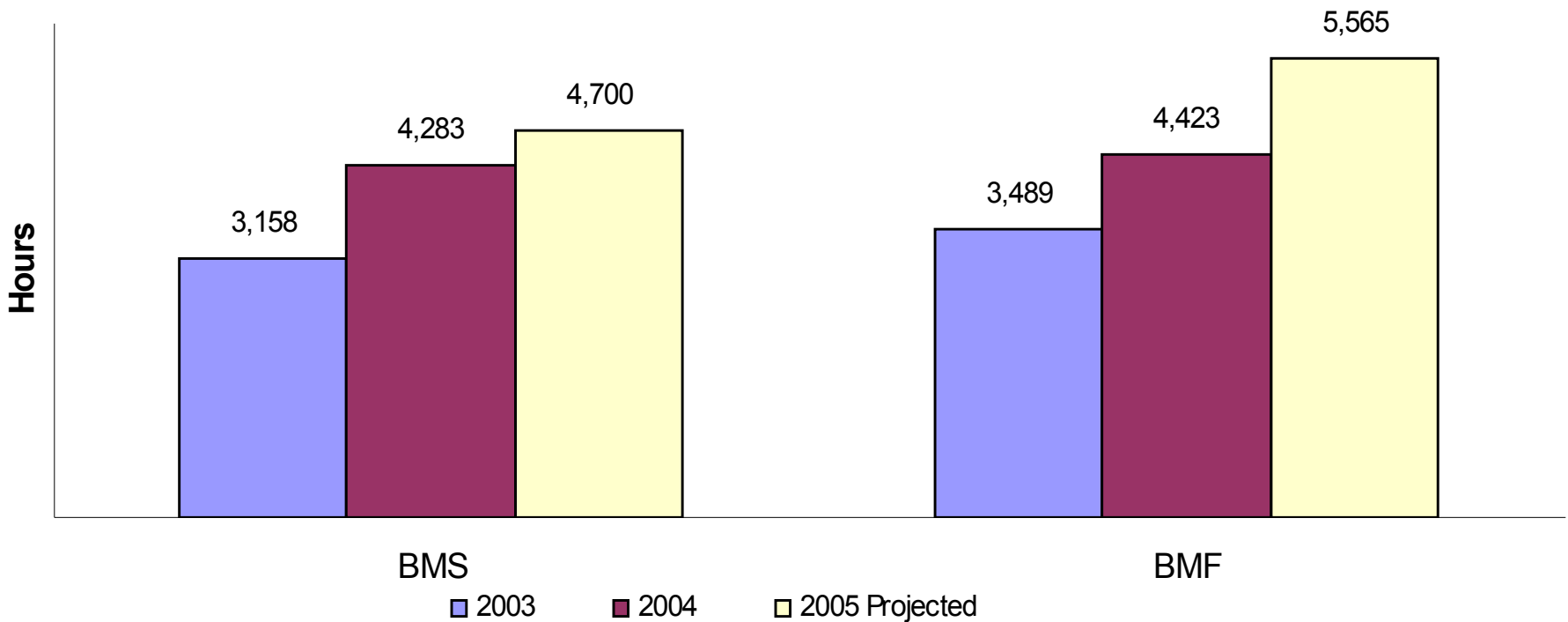
Source: ASTD/IBM Strategic Value of Learning Research Report, 2005

Efficiency indicated by costs and operations
(also in BMF)

Efficiency Indicators

Figure 9: Average Learning Hours Received per WLP Staff Member (BMS)

(adjusted for outsourcing)



Ratio of learning hours consumed to learning staff is increasing

Figure 17: Average Percentage of Learning Hours Provided via Different Delivery Methods (BMS)

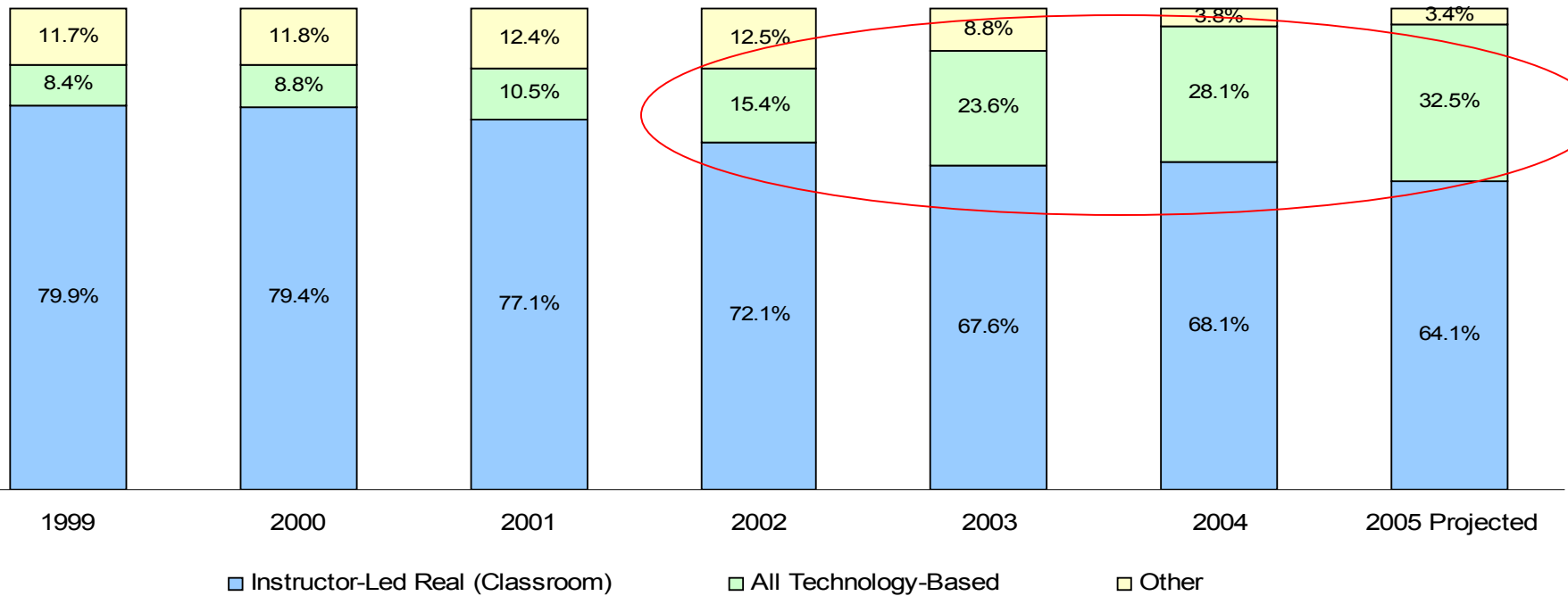
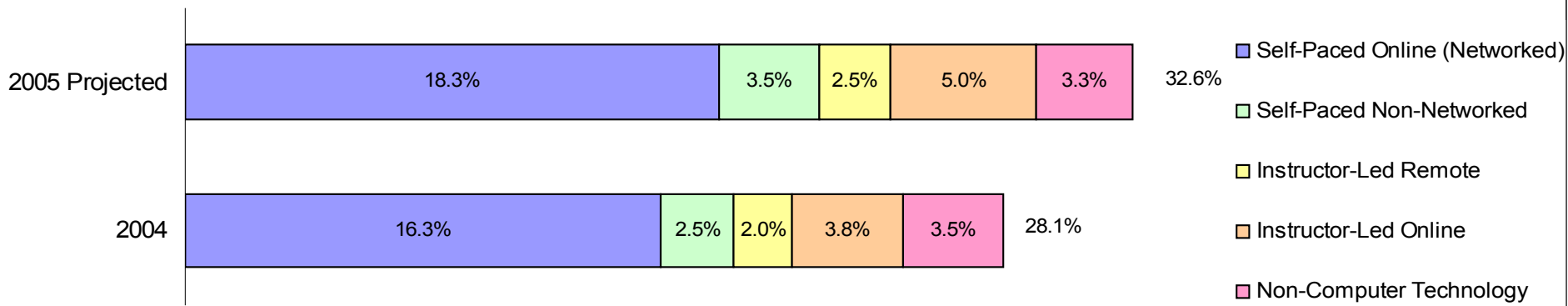
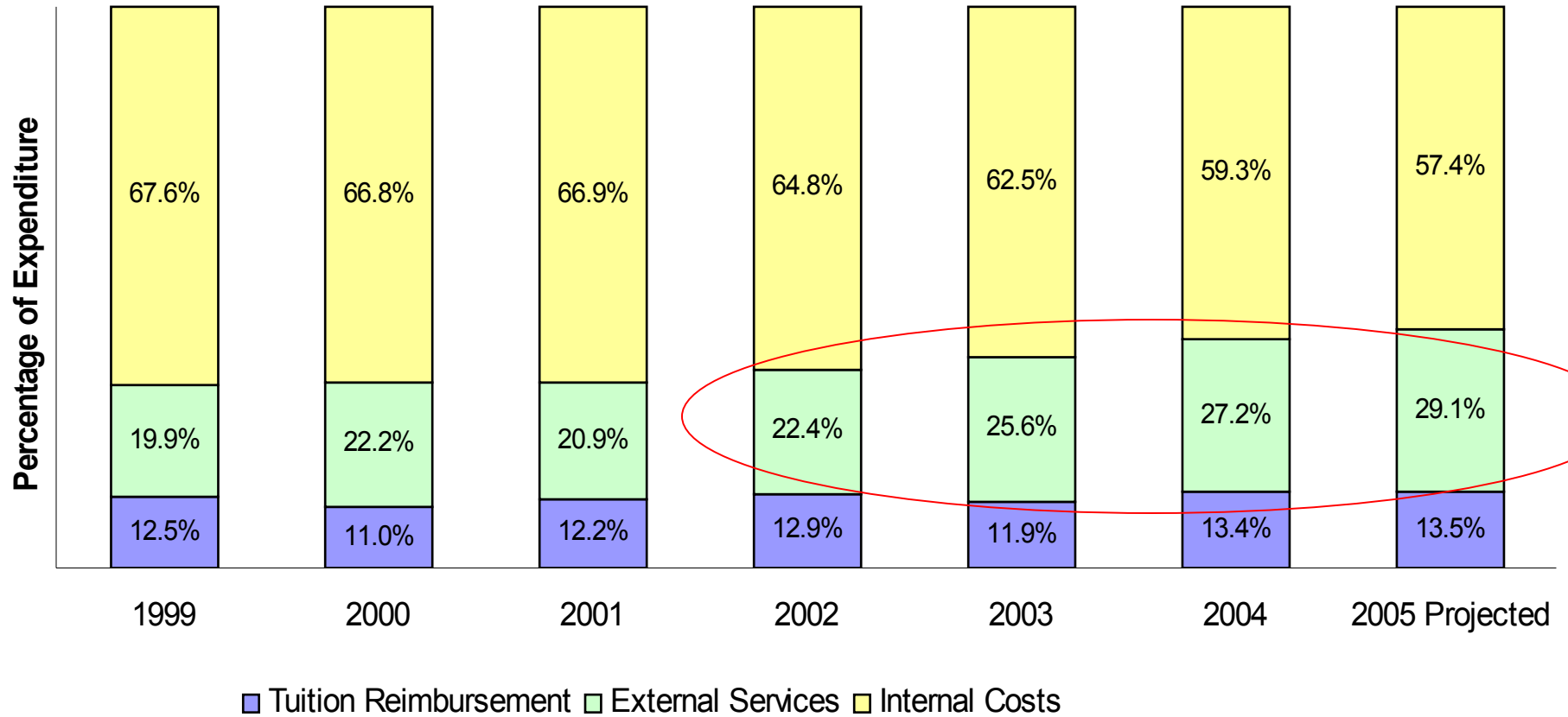


Figure 18: Average Percentage of Learning Hours Provided via Technology-Based Delivery Methods (BMS)



Technology use, especially online, is increasing

Figure 4: Average Expenditure Distribution (BMS)



Outsourcing is increasing

Outsourcing decisions are becoming more strategic

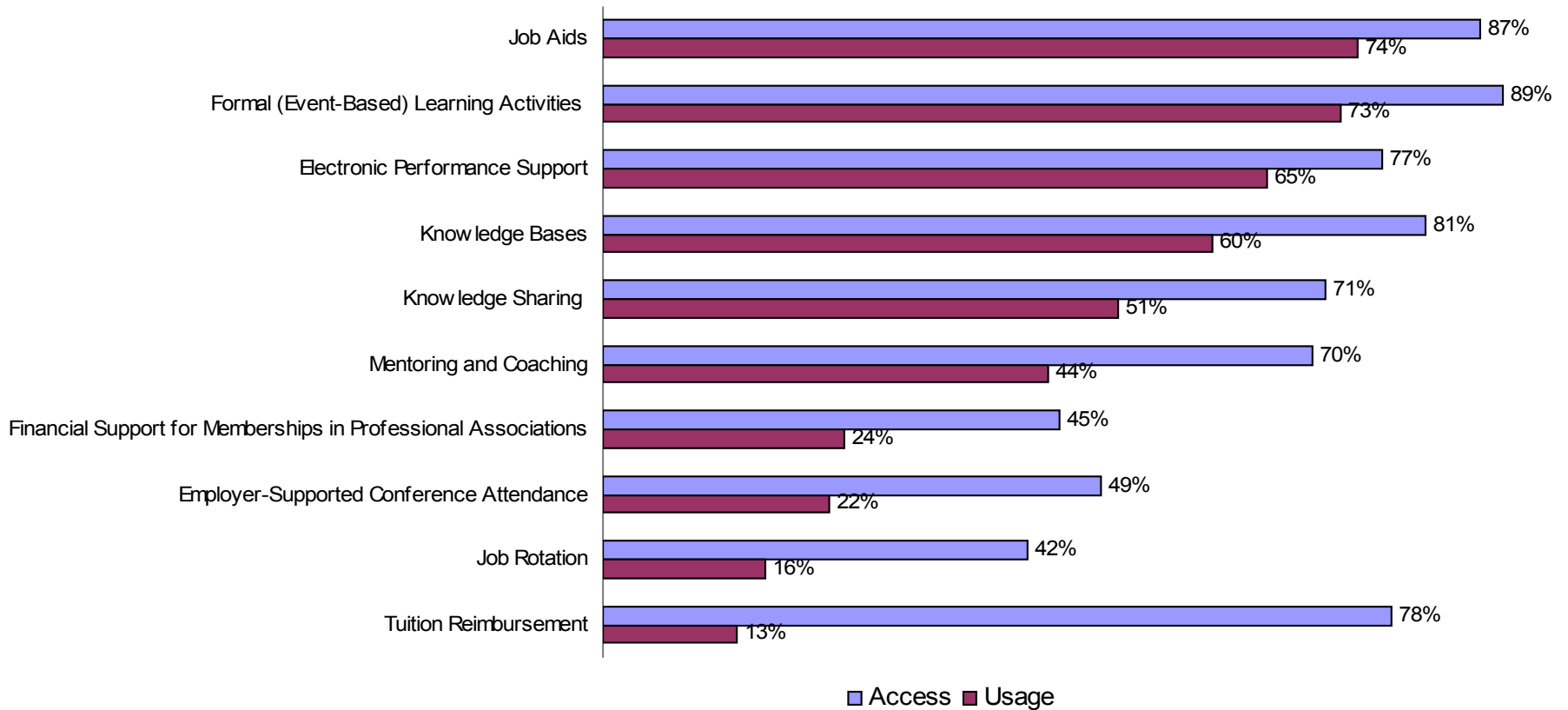


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Trend 3

Expanded Definition of Learning

Figure 23: Average Percentage Of Employee Access to and Usage of Different Learning Opportunities (BEST)



Increased legitimization and provision of non-formal learning opportunities

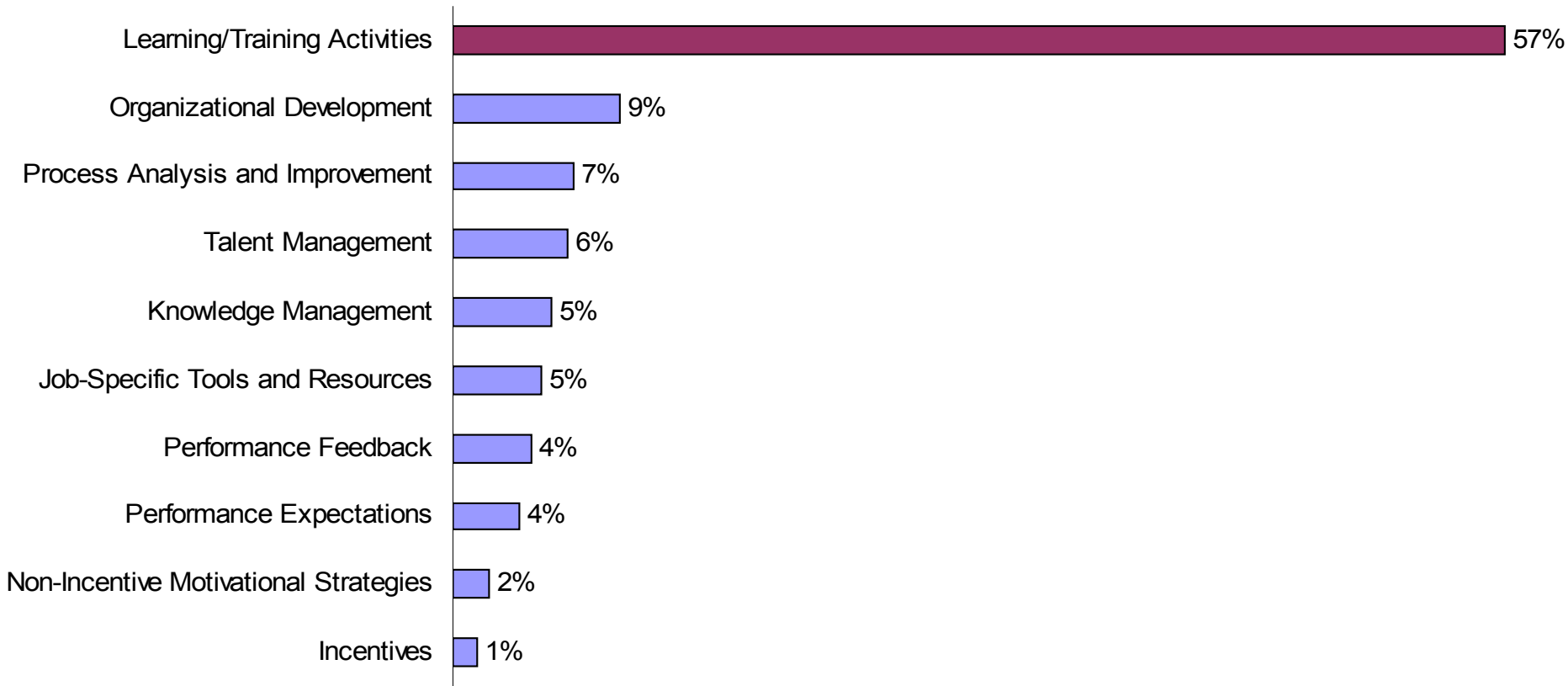


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Trend 4

Expanded Scope of the Learning Function

Figure 23: Average Percentage of Learning Function Devoted to Performance Improvement Solutions (BEST)



43% of the learning function's resources in BEST winner organizations are allocated to non-learning performance improvement activities

Titles are changing too, e.g., VP of Learning and Organizational Effectiveness; VP of Learning and Talent Management

Performance Driver	Information	Resources	Motivation	
Environment/ Organization/ System/ Workplace	Performance Expectations (4%) Knowledge Management (5%) Performance Feedback (4%)	Tools and Resources (5%) Processes (7%)	Incentives (1%)	35%
	Organizational Development: 9%			
Individual	Learning (57%)	Talent Management (6%)	Motivational Strategies (2%)	65%

Gilbert, T. (1978). Human competence: Engineering worthy performance. New York: McGraw Hill

Performance consulting/improvement role of the learning function is partly due to analysis and measurement capabilities of learning staff

Summary

- Four major trends in the US
 - Increased investment, governance and alignment
 - Focus on value and measurement
 - efficiency and effectiveness
 - perceptions are important
 - Expanded definition of learning
 - Expanded scope of the learning function

Thank you