White Paper | The True Value of Learning

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Executive Summary

Yogi Berra, that paragon of word manipulation, exposition and baseball, is often quoted as saying, "The future ain't what it used to be." And, surprisingly, so it is in the world of learning measurement. We cannot sustain our training departments based on how well we do against our training budgets. This only leads to the budget being cut on a year by year basis. If we measure ourselves as an expense, so we shall be treated like an expense. That means we are the first to go when funds are needed elsewhere.

AUGUST 2010

SSWP.1612.0810

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Traditional learning; traditional measurement

Traditionally, learning organizations have measured their performance in learning terms: How many courses have been taken? How many learners completed courses? How many students showed up? How many scored over 70 percent on the test? While these measurements have validity for the training department, they mean very little to department heads and CFOs, whose prime concern is meeting monetary and fiscal targets.

Traditional approaches to measurement also lead to the question, "How do I measure the use of informal learning?" My answer to that is, "You don't directly measure informal learning!" First, understand that informal learning occurs in all companies, whether it is measured or not. Regardless of how you use informal learning the outcomes of its use should be measured along with any other tool you decide to use.

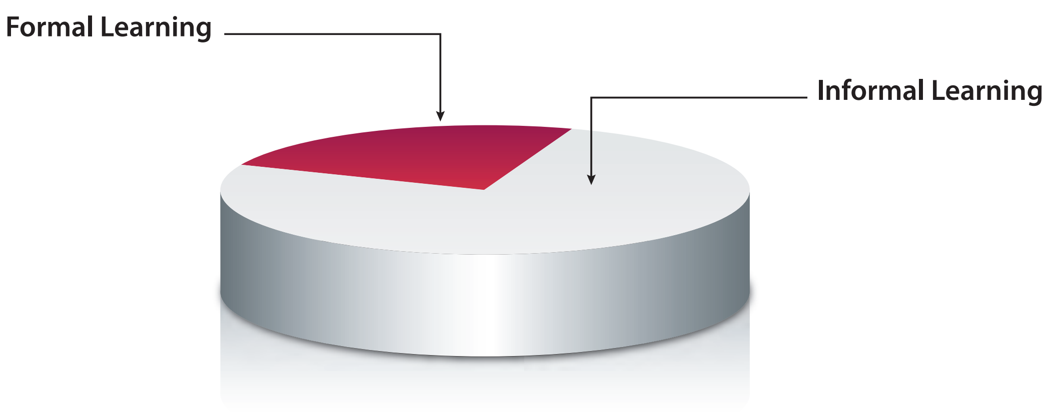
Informal learning is the improvised, unplanned instructional efforts that are part of the everyday fabric of business operations. Informal learning represents 70 percent of learning that occurs in the workplace.

Finding the value in learning

Stephen Covey got it right when he said, "Begin with the end in mind." When we look into the value of learning, the first thing we should be consider is, "What value does training bring to the company?" The senior executives of the organization do not care necessarily about how well the learning organization is training the staff, how many of its employees had training this week, how many people completed courses in the last year, or how many achieved mastery. They do care about the wellbeing of the company.

One of the many misconceptions in business is that a training department is there to train the company's employees. However, the only justifiable reason to have a training department is to assist the company in attaining its bottom line goals or critical business goals. So, when we evaluate the contribution training brings to the company, shouldn't we look at how it affects the bottom line numbers rather than how well individual training courses are being accepted by individual learners?

Tom Kelly, (then) VP, Internet Learning Solutions, at a panel



Comparison of formal and informal learning from the U.S. Bureau of Labor Statistics.

discussion for Corporate University Week, pointed out that, "The most important thing any training department can do is to solve a business problem. The metrics of success [of a recent program] were about the business outcomes desired and had nothing to do with traditional training metrics such as number of students trained."

Now, while most training management would agree with how important solving a business problem is, very few ever put measurements in place to show how solving that business problem has added to the bottom line of the company.

Unfortunately, it is far easier to measure how well training is doing in learning terms, because that is all the data we have access to! We know how many people have taken a course, because we recorded it either electronically through our e-learning toolkit/LMS/package or through an attendance log of learners at a course. We can also see how many of our learners attained completion through the same means or a final test. We have control of this environment, so we can get to the numbers.

How can we measure ourselves on company bottom line, throughput or revenue? We do not track that information. In fact, we cannot get to that information without going through the relevant departments, and they are too busy to help us (or perhaps just too stubborn to give us the information).

What should we be measuring?

What is it that we, as learning professionals, bring to an organization? Think of what would happen to a company if we completely removed all training. Just take the training department out of the organization and set them free. Think of your company. What would be affected? According to Jim Harris in his book *The Learning Paradox*[1], a number of issues would begin to appear, including:

1. Fewer skilled employees
2. Lower-quality work
3. Poor customer service
4. Higher customer turnover
5. Increased marketing costs
6. Slow corporate growth
7. Higher employee turnover
8. Higher recruitment costs
9. Reduced attraction for new employees
10. Increased IT support
11. High informal training costs
12. Increased workload
13. Increased burnout
14. Slow response to bids
15. Slow response to competition
16. Turf battles, office size and politics are valued
17. Inability to adjust for business environment

These would likely not happen all at once or together. They would more likely happen over time and lead to other issues down the way. But do you notice that these issues are not training issues? They are business issues. To avoid becoming confounded over the "fewer skilled employees" issue, for instance, and whether it's a training issue, we need to understand that a company is constantly striving to get better skilled employees from the market, so it really is a business issue. If Harris' list truly itemizes things that would happen to a company having lost its training department, shouldn't these be the dimensions by which we are measured? How often do you see a training evaluation include

[1] *Harris, Jim. The Learning Paradox. Capstone. 2002*

how it decreased the burnout factor of a department, or lowered customer turnover and by how much? How could we get the information needed for such a training valuation?

Obtaining measurement data

Where is the critical information kept? Where does one go to get the information pertaining to throughput or revenue, for example? Of course, all of that information and more is held by business units. Every business unit maintains records of how it is doing relative to its targets. And those numbers are what we want.

Why would department heads provide this information to trainers? They wouldn't unless they are performing a service that is seen by the department heads as being useful. No company manager wants employees to go to any training ever! Of course, they want their employees to do their jobs. But they don't want them to sit in on training that they will probably never use. Besides, most managers think they can tell their employees all they need to know. However, managers can be interested in training that does something for their bottom lines. So, all one should need to do is help the business manager know how training benefits him/her. But how?

Kevin Wilde, CLO for General Mills said, "I realized that to build the credibility and relationships with senior executives in the company, I needed to speak their language."[2] What does this mean? Unfortunately for us, it means exactly what it says. In order for trainers to become respected by business line managers, we need to be talking in terms they understand. We shouldn't be talking about instructional design and pedagogy; we should be talking about turnover and throughput. We shouldn't talk about completions and pass rates, but about competitive edge and revenue.

Putting it bluntly, who cares if the entire employee base takes Microsoft Word training? Who cares how many of them pass with 70 percent or greater? Who cares that we had a 65 percent completion rate? Outside of the training department, nobody! If you got only 20 people to take some of the course and they only skimmed the surface of the material and attained a 20 percent pass rate while completing none of the courses, nobody would care. Now if they did that and the throughput of the department went up by two percent over the same period last year, someone might listen. What we need to do then is to identify what it is we are trying to measure, measure it, go through the training, and measure it again. Now we see what the true value of training is!

Following through

How often do we take critical measurements? Remember the idea: "The most important thing any training department can do is to solve a business problem." If we agree to this then we should look at the business problem as a means to get to the measurement of training's effectiveness. Perhaps we should not be doing any training until we can ascertain what it is intended to do for the company in business terms. When you think about it, how can we determine what training we should have until we know what it will make for the company? What is the point of putting together the best leadership training program in the world costing $1 million if the program is going to only save $20,000 for the company? Conversely, why are you paying $60 for a CD that has a title of "Leadership Training" if you are trying to solve that same $20,000 business issue? Should we not be paying $10,000 to solve this $20,000 problem? How do we know how much to spend if we have not done the homework to determine what the program is worth to the business units?

[2] *Meister, Jeanne C. "Measuring the Relevant Business Impact." June 2004; posted to New Learning Playbook A Featured Blog of Workforce Management 12/03/2007*

Think about this:

Example 1. A training vendor comes into an organization and meets with the VP of training and development. He says to the VP, "I will take Arthur out of the organization for five weeks. I will train Arthur during those five weeks, but he will have no contact with any of his clients during that time. There will be no access to telephone, computer or PDA. However, during those five weeks, I will pump Arthur's brain full of very useful information. He will be a wealth of knowledge by the time he comes back to his job in five weeks time, and I will only charge you $1 million for this training session. Should I start now?"

What do you think the VP would say to this? It would probably be full of expletives and end with something like "…and shut the door on your way out!"

So let's try this again.

Example 2. The training vendor comes into the organization and meets with the VP of sales and marketing. He says to the VP, "I will to take Arthur out of the organization for five weeks. I will train Arthur during those five weeks, but he will have no contact with any of his clients during that time. There will be no access to telephone, computer or PDA. However, during those five weeks, I will pump Arthur's brain full of very useful information. He will be a wealth of knowledge by the time he comes back to his job in five weeks time, and I will only charge you $1 million for this training session. And the second week that Arthur comes back from training he will increase the company's revenue by $3 million. Should I start now?"

Any VP worth his or her salt would probably ask "How?" But at least we are one step forward. The only difference in these two examples is the fact that there is some reward at the end, a reward that can be understood by the vice president.

Unfortunately, a lot of training departments behave as described by example one, when discussing training with business units. "I have found this amazing leadership training tool. It does everything you wanted. It is by a terrific company and has all of the bells and whistles we wanted. It only costs $500,000. Shall I go ahead?" "Well, I saw an advertisement on the television last night about a CD for $60 that had the title of "Leadership Training," so why don't we just go and get that?" How often does this type of thing happen?

Some answers

To obtain needed information, trainers should be doing some research into the business issues that the company has. Here is an action list:

1. Determine business objective repositories
2. Identify performance barriers to success
3. Determine links between issues and performance
4. Discard environmental, cultural or conditional issues
5. Consider resource capabilities
6. Consider importance of outcome
7. Identify target interventions with "the biggest bang for the buck"

Identifying true business issues

We should find out who has the problems worth solving before going off and solving them. We should identify how issues translate into money for the company and ignore the things we can do nothing about. We should make sure that we can put the program together, ensure we understand how the program will change the company's future, and identify which are the issues we should address first.

Table 1 lists issues that are often used in evaluating training. The list is adapted from *Blended e-Learning: Integrating*

Knowledge, Performance Support, and Online Learning[3] and is identified as being the ROI of training. I like to think of this as the cost justification for moving from one training methodology to another.

Questions we must ask

If we are asked to create a new training program should we not be asking why? What does it do for us?

Table 1. Training Evaluation Measures
Reduced number of training vendors
Decreased training travel costs
Decreased cost/hr of training
Reduced time off task for trainees
Increased audience impact
Improved response time – meet needs
Improved cycle time for training delivery
Demonstrated knowledge during training
Satisfied trainees
Increased positive management feedback

Table 2. Preferred Training Evaluation Measures*
Increased revenue/sales
Decreased cost
Improved customer satisfaction
Improved quality
Improved on-time delivery
Increased productivity
Improved cycle time
Eliminated waste
Improved safety record
Improved employee satisfaction/morale
Reduced employee turnover

**Bielawski and Metcalf, pertaining to the true value of learning.*

How will this program better the organization? If we didn't create it, would the company dissolve? If we did, would the company make more profit? Without such considerations we cannot begin to understand the need for a program.

Next we should be asking, "So what?" We need to understand not only why a program is needed, but also what the program would really be used for, and how it can change the bottom line. Projecting the true monetary value of the program helps determine what we can and should spend on the program.

[3] *Bielawski and Metcalf. Blended e-Learning: Integrating Knowledge, Performance Support, and Online Learning. Human Resource Development Pr; 2nd edition, 2002*

Finally, we need to have this last word available to us. It is a small word, but very powerful. It is a word that training managers rarely use, because it is not in our nature to use it. Our job has always been to answer the call, not question the call. But if we are going to truly value our craft and get others to see that value, we must have it available to us at all times. Don't be afraid of it, but only use it when you know that to undertake for a request would be to the detriment of the company. The word is "No!"

Truly, "The future ain't what it used to be." There is a different culture developing for learning and training departments. This culture can be summed up in three phrases:

1. Business need based
2. Integrated into assignments
3. Tracked through business outcome metrics

These principles are being applied by many companies. Be careful of making yourself believe that you are solving business problems when you are actually solving training issues. But by asking the right questions and using a little business acumen, we can see the real value of training emerge.

About the author

Dennis is a co-founder of SkillSoft, where he begun by establishing and managing strategic partnerships with worldwide course development companies and putting over 200 SkillSoft courses into production. Over the last 16 years Dennis has been published in trade publications and presented at hundreds of conventions and seminars on topics such as blended learning, e-learning for the knowledge economy, organizational effectiveness, the ROI of learning and others.

Dennis is now focusing his vast expertise in establishing SkillSoft worldwide presence in the business and professional management computer-based training industry, offering over 20 years of expertise in the sales and international marketing arenas.

Prior to SkillSoft, Dennis was with NETg as the senior director of product development running its video studio until it closed then heading up the CD-ROM based courseware development teams. Dennis has held positions as international product marketing manager for Sterling Software and international marketing manager for Pansophic Systems. He has also owned and run his own video production and other companies.