

Are Your Learning Activities Aligned With the Business?

LORRIE LYKINS

Learning investments should drive the ability to achieve business goals. That requires aligning activity closely with the organization's strategic business concerns.

Demonstrating the link between learning and business results can be arduous, expensive and more costly in terms of resources than actually executing learning. But aligning learning efforts to core business goals and strategies is critical to clearly define learning's contributions to organizational growth and profitability.

A fall 2011 study conducted by ASTD and the Institute for Corporate Productivity (i4cp) titled, "Developing Results: Aligning Learning's Goals and Outcomes with Business Performance Measures," examined the current state of alignment, as well as the ways high-performing organizations evaluate learning and link those measurements to overall business performance measures.

The study found a strong correlation between goal alignment and market performance as well as between alignment and a learning function that is effective at meeting its own and the organization's goals.

Before establishing linkages between learning strategy and business results, organizations must first ensure the learning function can effectively meet its goals. Less than half (43 percent) of survey respondents indicated that their organization's learning function is highly effective in achieving learning goals, and when asked about achieving organizational goals, 38 percent reported that their learning function is highly effective. Less than a quarter of the study participants indicated their organizations are very good at evaluating the learning function in the first place, although high-performing organizations expressed more confidence in their learning function's ability to meet

learning and organizational goals (55 percent) and the company's ability to measure learning's effectiveness (60 percent) (Figure 1).

Where to Start

While most learning leaders — 61 percent in the ASTD/i4cp study — believe it's critical that their organization's learning goals be aligned with business goals, they express less confidence in how much importance their colleagues assign to this alignment. When asked how important alignment of business and learning goals are to their organization's business leaders, 38 percent responded that it was highly important to business leaders, which seems to indicate that alignment is not a high priority among business leaders, or if it is, there is a perception among learning professionals that this is not the case.

Organizations are more likely to achieve alignment if learning is considered a direct business asset rather than an entity that functions independently within an organization. Further, if organizations hope to achieve positive business outcomes via their learning programs, outcomes must be clearly defined as integral components in the foundation of the learning strategy. The learning strategy's primary goal must go beyond the effective delivery of instructional courses, programs and modules, so that learning truly becomes part of the business.

Even if an organization is fully committed to developing a learning plan that is in harmony with the business strategy, it still can be tricky to maintain that alignment and challenging to measure whether or not the alignment exists and is effective. There may be barriers blocking this activity.

The most commonly cited alignment barrier is



the learning organization's lack of full understanding about the business. Other barriers cited by survey respondents include difficulty in isolating the impact of learning on results versus the influence of other factors (51 percent), limitations presented by an LMS that does not have functionality to measure this (44 percent), and the high cost of conducting higher-level evaluation (37 percent). These are all valid concerns, and it indicates that there may be an opportunity in the LMS vendor space to provide more effective evaluation modules. Organizations find it costly, time-consuming and challenging to tackle evaluations on their own, and are looking for a technological solution. But the barriers that learning can and should be mindful of addressing are how to develop business acumen along with deep knowledge and understanding of their companies, both of which are fundamental to business success and learning function effectiveness. The study found that 92 percent of survey respondents believe their organization's learning professionals understand the business to at least a moderate extent.

Who Owns Learning Strategy?

The ASTD/i4cp study found that in general, the head of learning — the CLO, senior vice president or vice president — is usually responsible for development and execution of the learning strategy, followed by the head of HR, managers and the CEO, respectively.

But for many organizations (25 percent), the head of HR is accountable for developing the strategy, and to a lesser extent, execution (17 percent). Most companies (40 percent) identified the head of learning as the individual responsible for developing the strategy, but it's notable that the head of learning wasn't cited as such in a higher percentage of these companies.

One possible explanation is that the survey also asked which members of the organization were included in the development process. At more than half of organizations, the head of learning is joined by the head of HR, division leaders, business leaders and managers in

FIGURE 1: LEARNING ORGANIZATIONS' EFFECTIVENESS





The Business Impact of Talent Intelligence

Talent intelligence is a key lever in today's hyper-competitive world. Just as traditional business intelligence captures, extracts, and analyzes key data on an organization's hard assets, talent intelligence captures key workforce and talent data to generate insights that can drive improved decision making and performance. Unfortunately, many organizations lack access to reliable talent intelligence data.¹

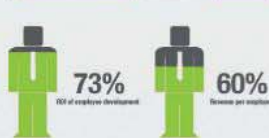


Leaders see the connection between talent intelligence and performance and financial results...

Do you agree that your business did/would benefit regarding the talent in your organization can improve performance and realize financial success?²



More specifically... "Which of the following financial metrics would be positively impacted by leveraging more robust talent insights?"



But that is perception... What is the reality?

35% Of those surveyed were classified as Data Proficient Organizations (DPOs)³

65% Of those surveyed were classified as Data Deficient Organizations (DDOs)⁴



In a sampling of nearly 80 companies from the survey data, DPOs outperform DDOs on key financial metrics, suggesting a connection between those organizations that use talent intelligence and financial performance.

	Data Proficient Organizations	Data Deficient Organizations
Risk	7.2%	6.4%
Price to Book	1.8	2.5
Stock value percent change past 12 months	+2.6%	-3.1%



Why might we see this correlation? Some possibilities include:

Increase in knowledge work
According to McKinsey, "...knowledge workers have driven more than 70 percent of the economic growth in the U.S. over the past three decades, and 85 percent of the new jobs created in the past decade have required complex knowledge skills."⁵



Intangibles as a percentage of company valuations
Intangibles such as IP, know-how, expertise, etc., which are directly related to talent, now account for more than 80% of company valuations.⁶



Given these various data points, one would expect to see this sort of correlation between improved talent management and business performance.

And how many organizations have access to reliable data in these most important areas?

Notice that DPOs outperform DDOs in having reliable data access, but even DPOs have relative struggles in some areas.

	DPOs % Have Reliable Access	DDOs % Have Reliable Access
Quality of hire	85%	71%
Employee engagement levels	87%	76%
Cost/benefit ratio on identified successions	84%	71%
Expectation-risk gap analysis	78%	61%
Annual data to help fix critical issues	75%	57%
Next actions to fix underperformance gaps	72%	57%
Top performers retention	69%	51%
Productivity	62%	49%
Total turnover	44%	57%

So which talent metrics are considered the most important by DPOs?

Of the 37 metrics measured, the top 9 were:



Why do organizations most often lack reliable access to data for these metrics?

What are the barriers to using more robust talent insights in your organization?

	Data Proficient	Data Deficient
Lack of leadership buy-in	59%	85%
Lack of executive support	100%	90%
Cost	8%	17%
Lack of analytic skill	8%	17%
We already have an enhanced talent system or system	17%	1%
Doesn't need an enhanced talent system	4%	1%
Other	1%	6%

¹ Global Strategy First, all data can be found in The Business Impact of Talent Intelligence paper referenced below. The paper was compiled in partnership with the Center for Global Business.
² Data Deficient Organizations (DDOs) are defined as those respondent organizations that agree the importance of quality workforce data (QWD) but believe their current system is not sufficient and the additional data needed to fix it.
³ Data Proficient Organizations are executive organizations that disagree that they experience an obstacle in publicly available data (QWD) that is needed but they are not satisfied with the additional data needed to fix it.
⁴ McKinsey Quarterly, December 2010.
⁵ McKinsey Quarterly, March 2009, McKinsey.com.

Download the full research paper *The Business Impact of Talent Intelligence* at talio.com/research/paper/business-impact-talent-intelligence

Access the free podcast series on the importance of talent management and talent intelligence for line of business leaders, including such issues as: recruiting, onboarding, performance management and compensation in learning and development, and retaining and growing talent.



developing the strategy. To a lesser extent, CEOs, HR heads and individual contributors are involved. This multifaceted involvement is a good thing. Developing and executing learning strategy in a team environment that includes HR and senior leadership from the design phase of a learning program can help to ensure the training delivered is aligned with the organizational vision and goals.

14cp research has found that high-performing organizations are more likely to involve people from multiple levels in the organization in the learning strategy development process. And while alignment should be approached as a team effort, it is incumbent upon learning leaders to first bring the importance of alignment to the fore by developing a compelling business case for learning that connects the learning function's activities and partnerships with line of business peers to positive impacts on the business.

High-performing organizations are more likely (56 percent) to have a formal process in place in which leaders look at the annual performance outcomes for the business and use those to help shape the future learning strategy. By using future goals, the organization has metrics in place to measure against the following year. And by assessing previous outcomes, areas for development can be clearly identified and targeted for improvement. This creates a continuous cycle of improvement that can help increase learning's focus on improving business results and ensure alignment.

While the notion of isolating learning's impact on business versus other factors' influence may seem like an overwhelming task or yet another exercise in justifying learning's existence, this type of measurement can help to ensure that learning is truly and demonstrably contributing to the business in an effective way.

To properly gauge the alignment of the learning strategy with business goals, many organizations typically use Kirkpatrick's Level 3 measurement around behavior and Level 4 around results. These are important because too often when many companies attempt to calculate learning ROI, the focus is justifying learning spending rather than determining whether or not learning is having an impact on the business. Further, there needs to be more measurement beyond standard participation rates and employee surveys, but determining what to measure can be a significant challenge.

Tying Compensation to Results

An organization can stress the importance of learning and business goal alignment by tying learning activity to compensation. High-performing organizations realize that if they want the learning function's goals to line up with the business' goals, they should tie the compensation of those involved to that alignment. This seems to be a relatively common practice, with two-thirds of respondents to the ASTD/i4cp survey reporting that their individual compensation was tied to alignment at least to some extent, with high performers (30 percent) more likely to employ the practice than lower performers (15 percent). Tying compensation to alignment

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between learning and business goals indicates that some organizations have determined measurements for the alignment and are able to use those measurements in compensation decisions.

Another strategy to ensure alignment is to increase the learning budget targeted at meeting a specific business goal. Some 60 percent of high-performing organizations have had learning budget increases during the last two years for this reason. By targeting specific learning budget increases in this manner, an organization can be sure that benchmarks are put into place to measure progress toward a business goal. The budget also can include resources for measurement itself, indicating a clear acknowledgement on the part of the business about learning's role in achieving the right outcomes.

Creating a strong learning and business alignment requires that learning leaders first develop and advance a

business case for learning that focuses on demonstrable impact on business results. Organizations should leverage the strategic planning process to create alignment and include senior leaders in the process to identify what they need in terms of learning and development. Past and future business outcomes should be used to drive the learning strategy, and scorecards should be created to measure against the goals developed in the strategy phase. Finally, organizations need to demonstrate their commitment to alignment by investing in the resources required, earmarking funding for specific business goals and holding people accountable for alignment with incentive compensation. **CLO**

Lorrie Lykins is managing editor and director of research services at the Institute for Corporate Productivity, a member-driven research organization. She can be reached at editor@CLOmedia.com.

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