

## Case Study

*Benchmarking is often the first step to designing a more effective and efficient corporate learning function. The story of this corporate learning team describes how they used multiple resources to benchmark their current practices. What they learned resulted in major changes in the way the company sets priorities and develops and delivers learning.*

## The Path to Top Quartile Learning Performance A Case for Benchmarking

The company is a global top tier company with 100,000 employees working in more than 100 countries. Each of the company's business units is large enough -- in terms of revenue, workforce and scope -- that its training needs compare with those of a mid-sized or large independent corporation. Through the years, each business unit had formed one or more learning and development (L&D) functions to manage programs and services in the regions or countries where it was doing business. These L&D teams operated in a highly independent manner, and had very little connection with the central learning function, which managed enterprise programs.

The autonomous nature of the L&D groups created a condition where managers got used to requesting training they wanted, and L&D teams rarely said no because requests were always accompanied by Business Unit (BU) funding. However, at the

enterprise level the company had a difficult time knowing if it was investing too much to develop people, or if its training costs were higher, lower or in line with other companies.

In 2006, the company embarked on an effort to move the company to top quartile performance by improving all key processes by year-end 2009. The

first step was a benchmark study to measure the efficiency and effectiveness of its high value Human Resources (HR) processes. That early set of benchmarks showed that the HR costs were higher than industry peers, prompting the need for deeper analysis of two key learning processes shown in the table below.

PROCESS NAME	PROCESS PURPOSE	PROCESS STEPS
1. Develop People	To contribute short and long term value to the company by developing people to fulfill their potential	<ol style="list-style-type: none"> <li>1. Assess potential</li> <li>2. Identify development needs</li> <li>3. Agree development actions</li> <li>4. Implement development actions</li> <li>5. Assess competence improvement</li> <li>6. Review and improve Develop People process.</li> </ol>
2. Provide Learning Resources	To enable people's learning and development through the provision of effective resources	<ol style="list-style-type: none"> <li>1. Define and agree learning need</li> <li>2. Specify learning approach</li> <li>3. Develop learning program</li> <li>4. Procure learning program</li> <li>5. Plan and promote the learning program</li> <li>6. Deliver the learning program</li> <li>7. Review and improve the learning process</li> </ol>

## ***The Path Started With the Benchmarking Study***

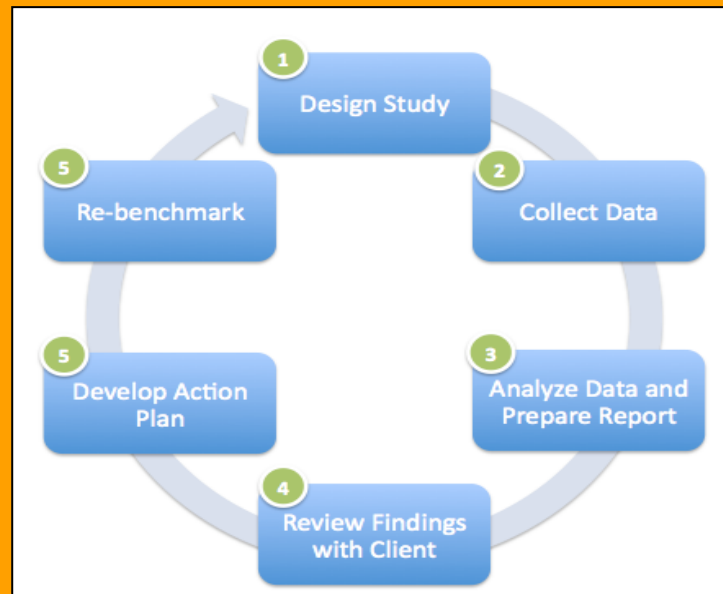
The benchmarking study conducted with the assistance of Corporate University Xchange included four major components and was completed over a 2-month period. The components included:

- Evaluating the company across 12 dimensions of learning, comparing answers to 120 standard benchmark questions that represent more than 700 independent variables related to learning activities
- Evaluating a few specific aspects of the learning environment with comparable companies based on industry, size, global top quartile performance
- Conducting 49 qualitative interviews to gather details about specific training activities in each of 5 Business Units
- Site visits to 3 companies who demonstrated top quartile performance in a significant number of the 12 dimensions of learning.

Analysis of study data provided each Business Unit with a performance map to show its position in performance quartiles for each of the 12 learning dimensions (Figure 1). Performance maps were accompanied by a description of the BU's strengths and weaknesses. In many cases, the company's learning teams scored higher on tactical activities related to running their training operation, and lower in strategic areas that would strengthen their ability to impact business results.

### **Benchmarking Is Not a Single Event**

A standard benchmarking process consists of the 6 steps shown here.



*Figure 1. Benchmarking is a continuous process*

The study design step includes:

- Writing custom questions to be added to a core set of industry benchmarking questions,
- Defining an adequate peer group for comparison,
- Defining the scope of qualitative interviews.

Collecting data refers to the process of recruiting peer companies to complete benchmark questions and conducting interviews to gather qualitative information. In Step 3, the organization's benchmark responses are analyzed and its performance is compared with peer organizations, top performers and the total study population. The analysis leads to findings and recommendations to help the company move to top quartile performance in Step 4. Step 5 requires the organization to prioritize recommendations and take actions. As work progresses and the organization believes it has made significant progress on its action steps, it conducts a follow-up benchmark to assess its new position in performance quartiles.

Comparative charts showed how company practices compared with peer groups and the total survey populations. While its performance was often ahead in its industry, the firm was not operating at best practice level within the total study population. For example, learning teams were invited into discussions for new initiatives as planning got underway. This was a leading practice in the industry, but top performers often learn about major initiatives much earlier by interfacing with senior leaders on a governing board. The learning team used this data to make the case for a new governance model.

### Study Findings and Recommendations

Results of the benchmark study and the on-site audit revealed that the firm's learning teams operated in a predominantly reactive mode, responding very capably to requests for training, but unable to demonstrate if their programs were improving business performance. Some teams had not been able to build credibility as strategic partners that could address business performance problems, or build work force capabilities required by business plans.

The company delivered a significant percentage of its training in the classroom, with very little reliance on lower-cost e-learning or blended learning. There was very little central oversight on spending with external training providers. And while some learning teams integrated their work with HR or Talent Managers who were defining job competencies and performance standards, other teams had weaker relationships with their HR partners, and therefore, weaker connections between learning programs and required skills and knowledge.

The company's approach to learning had its benefits. Business units, operating in a highly decentralized mode, enjoyed enormous flexibility to send employees to all the training believed necessary to meet their objectives. The company earned a reputation for making investments in its workforce, allowing the company to attract great talent.

The benchmarking process revealed that the enterprise was not getting the benefit of good practices operating at the local level inside business units. As an example, one of the businesses had implemented a Performance Analysis Checklist to help its training professionals conduct a thorough review of performance problems, but the practice was not known or used by any other teams. In addition, some

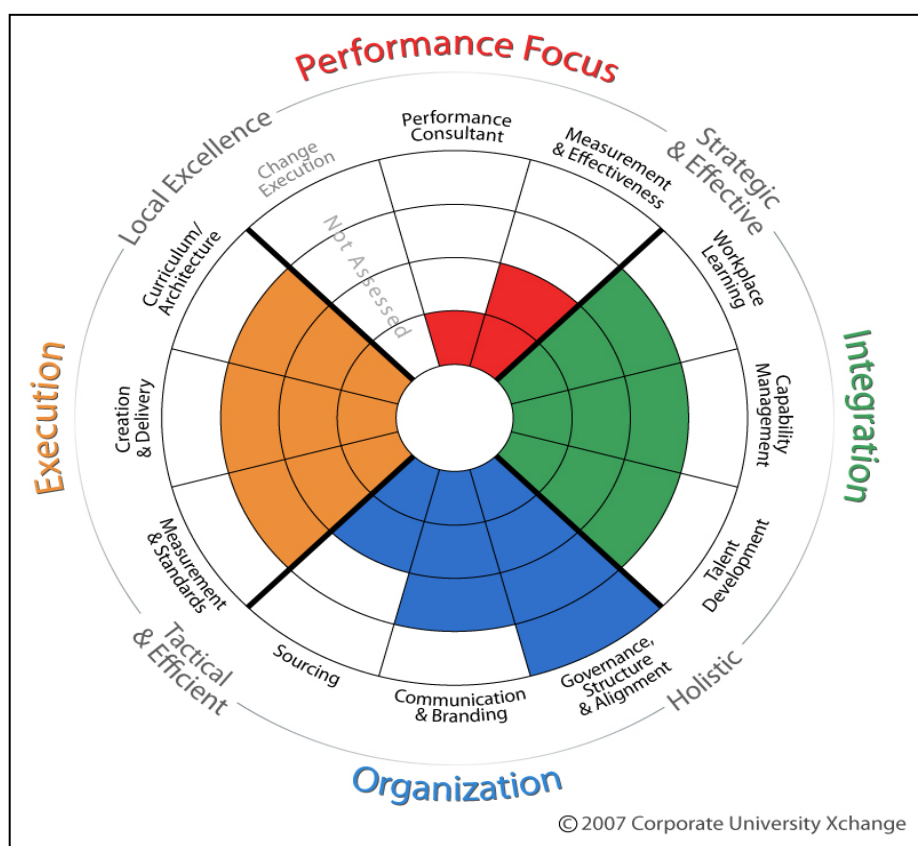


Figure 1. Performance map showing a Business Unit's position in 12 performance quartiles for learning and talent management.

functional and technical groups used capability dashboards to help managers view what team skills needed most attention. But dashboards were not ubiquitous across the organization.

The enterprise-level benchmark assessment could not reflect the value of these isolated practices because they were not being surfaced and adopted as standards. And the central group could not easily roll up local value to demonstrate a significant impact on the company's overall performance.

After reviewing the study results and recommendations for improvement, the company's learning leaders were eager to speak with organizations that were demonstrating top quartile performance. Subsequent site

visits validated study recommendations through detailed descriptions of best practices that included:

- Supporting corporate change management through the rigorous application of a formal change management process
- Implementing a strong performance consulting discipline to prescribe performance interventions that go beyond a course or training program
- Linking learning programs to critical success factors, and providing key metrics to senior leaders to demonstrate the learning team's accountability for results
- Analyzing by region the successful application of skills and knowledge after training
- Applying a consistent

approach to defining job competency requirements and illustrating linkages between training and job-required skills and knowledge

- Including input from senior leaders and advisory boards to create the enterprise learning strategy
- Executing a broad and effective communications plan and branding campaign to create a compelling brand experience based on the learning function's brand promise
- Instituting tight controls on sourcing processes
- Assigning business leaders to provide oversight to curricula to ensure they contemplated future work force needs

### ***Show Me the Money***

The improvement effort began by trying to build a more accurate model of current costs. They found, as most companies do, that quantifying a company's total investment in training is no simple task. Organization accounting systems rarely have specific accounting codes or line items assigned to training activities. Training-related travel can't easily be isolated from all other travel, etc.

The action team's investigation determined that each business unit training team tracked and monitored training costs in a unique way. Often, training costs were buried in miscellaneous budget categories, or were tied to project or initiative budgets. They learned quickly that they could not search for every needle in the large haystack of training expenses, and decided to concentrate their search on 3 main cost buckets:

- Learning Staff – The number of Full-Time Equivalent (FTE) staff with responsibilities for learning processes in all Business Units, and the specific roles each was performing
- Facilities – investments to operate and maintain classrooms and associated equipment
- 3<sup>rd</sup> party spend – monies spent with external training partners

## ***Improvements Since The Study***

Findings and recommendations from the benchmark process and a review of best practices, catapulted the learning teams into action with a comprehensive 2-year improvement plan.

As they began to get a picture of training costs (see box, Show Me the Money), they realized they'd have to reset expectations of their business customers. They could no longer fulfill every request for training, and would have to work from a strategic plan that would tie programs to a forecast of workforce development needs. The lack of a clear governance structure was preventing them from effectively aligning learning programs with business needs in a thoughtful and planned way. To that end, they put in place new processes to help them:

- Determine organization capability gaps
- Create an annual strategy to close a prioritized list of gaps
- Measure the degree to which they'd closed gaps throughout a planning period

They knew making changes would require breaking people of old habits. The action team started to constrain the learning supply by requiring learning teams to reduce the number of courses and programs they'd

offer. Learning teams found it difficult to comply at first, since they had to learn to say "no" to requests that were not in line with the strategic plan.

The action team also determined that some learning professionals would need to develop new skills, in order to transform themselves from instructors to performance consultants, for example.

Learning teams analyzed and improved a significant number of their operating processes. They adopted a single learning platform at the end of 2008, which significantly improved their ability to capture and report good data; enabled them to revise workflow and administrative practices related to the LMS, and to retrain system administrators to follow consistent data-naming conventions. The action team is currently centralizing all administrative activities, and evaluating the decision to offshore this work to a lower cost provider.

Company teams have shifted the majority of all personal development and general business skills training to low-cost e-learning. New sourcing processes constrain purchases for external training programs to an approved list of vendors. The LMS serves as the gatekeeper for e-learning content, preventing people from adding courses that have not been adequately tested for

integration or to assess their compliance with new standards.

The action team also conducted a review of technical and high-value business training to determine if any might be made common across more than one business unit. They've also instituted practices that require curriculum designers to incorporate a blended approach to content delivery to provide an improved learning experience at a lower cost.

The learning teams hope to standardize the "how" issues. How should training be sourced? How will it be delivered? How will learning teams consistently measure the value of programs? But the company continues to support the idea that BU learning teams and business leaders are best qualified to answer the questions:

- Who needs to attend a learning program?
- Why do employees need to attend a learning program?
- What skills should an employee expect to develop if they attend the program?
- What timing is most appropriate for an employee to attend a given program?

Although the jury is still out on whether every aspect of the effort has been a success, there is no doubt that the learning organization is well on its way to achieving alignment and becoming a strategic asset to the company's achievement of its goals.



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## Membership At Corporate University Xchange

**Corporate University Xchange** is a private membership of senior learning and talent executives, founded in 1997. We believe that the most valuable advice for senior executives comes from peers who have wrestled with and successfully overcome similar challenges, and we make this exchange of information happen through our research, events and peer-to-peer networking.

Resources available to CorpU members include:

- The Learning and Innovation Excellence benchmarking study which measures how well learning and talent functions meet the needs of their companies
- CorpU-In-A-Box, an expert-guided process for the creation or improvement of a learning organization
- CorpU's Learning Brand, a holistic voice-of-the-customer survey for the learning function
- Social Learning Jumpstart, a way to experience new learning delivery methods
- Case Studies of the work done by leading edge practitioners
- Tools that support the learning decision-making process

For more information about joining CorpU, see our website, [www.corpu.com](http://www.corpu.com).