



WLP Scorecard

Why Learning Matters

A Comprehensive
User's Guide



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Ray J. Rivera

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Alexandria, VA

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For Peijie

我的心,我的灵魂, 我的呼吸

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Preface

In today's work world, organizations must reinvent themselves to survive. For example, military organizations no longer engage solely in defense and war craft, but provide humanitarian support and statecraft. Fire and law enforcement organizations have expanding reach and responsibilities as first respondents in all areas of civil need. Public schools need to produce graduates who are socialized into citizenry.

Not only do organizations need to change how they approach business, but nearly every business now competes in a global environment, and more sophisticated customers expect immediate access to goods and services. Innovation is not the vision of today's organizations; it is a requirement, and the means by which they are reinventing themselves is through learning.

Workplace learning and building a learning culture vies as the most critical aspect of reinventing business in any organization. So what exactly does it take to build a learning culture?

Change agents are people or groups who engage in the entire value chain to integrate disparate groups. Reinvention and growing a learning culture require a change strategy, sponsorship, and internal support at all levels to manage and implement the change. This change we are talking about is learning, and it permeates the entire process of creating and delivering value.

The Foundation in Building a Learning Organization

In a recent ASTD *T&D* magazine interview with *In Search of Excellence* author Tom Peters, Peters said, "Everything needs to change, so everybody then becomes a corporate change agent, and everybody becomes a trainer. . . it means getting totally engaged in the client organization, and trying to change their culture, become a change agent, their trainer."

According to Peters, “[Training] is more relevant than ever. Where the hell is the border between training and learning? What is learning? Isn’t learning the preoccupation of all human beings from birth to death? The problem with you guys, you trainers, is you won. Now what the hell do you do?” (Bingham and Galagan, 2006).

As Peters noted, to the victor go the spoils, and in the case of workplace learning, the spoils are significant. Like the idea of quality and total quality management three decades ago, the idea of a learning organization today means so many things to so many different people, and that’s a big win for the workplace learning and performance (WLP) profession. The good news is that everyone talks about quality today. The bad news is there isn’t really a standardized definition for quality. Some people implement quality poorly, whereas others implement it well. The WLP profession may well be in its infancy of defining and measuring learning organization performance, but there is hope that it will mature and become as widely known and valued as the focus on quality and the total quality management movement.

In this article, Peters alludes to the lack of clear definitions, and the fact that those who want change are hindered by the lack of a system for measuring learning. As a result, a big stumbling block to organizational learning hinges on the inability of management systems to measure and assure optimal performance.

Peters’s words resonate with many learning and non-learning executives. As he says, “I’m 100 percent in favor of measurement, and I’m 100 percent terrified of it because most of the time we measure the wrong thing.”

So how do we measure the right things?

Using the WLP Scorecard to Manage Learning Like a Business

Financial statements—performance measurement and management tools of the past—do not capture knowledge assets whose value and efficacy are increased through learning.

Intangible assets represent the unique capabilities and competencies of an organization, and learning is the means by which organizations increase and accumulate intangible assets. Most intangibles never make it to financial statements unless some transaction has occurred, making it a poor basis for measurement and probably the worst basis for managing.

Whereas financial statements measure tangible assets, the WLP Scorecard is a performance measurement tool for calculating intangible assets and benchmarking learning function expenditures and performance.

This is a book about management. It conveys the fundamental concepts required to manage the learning function, shares strategies for planning and collecting the data required for the WLP Scorecard reports, and demonstrates how to generate these reports and interpret the data to develop strategies and action plans. Taken together, these pieces enable measurement and evaluation of the learning function in terms of both tangible and intangible assets—providing the right mindset and the right tools required to run learning like a business.

Let's talk first about the right mindset. In preparing this book, I found very few sources that provided a comprehensive sense of the context in which today's learning executive must operate, and how the learning executive must think to run learning like a business function. In *Return on Learning*, Donald Vanthournout and his colleagues at Accenture eloquently described the three components of how to run learning like a business:

1. Plotting and measuring a course toward upside value creation, [and] determining the particular value objectives most closely linked to learning investments.
2. Putting in place the governance structures and decision-making mechanisms that enable the learning organization to understand the business well enough to direct the learning outcomes that affect business results.
3. Using the best cost management techniques to drive business results with the most efficient use of resources (Vanthournout et al., 2006).

Most initiatives consist of at least three phases: initiative, planning and executing. Part I of this book, chapters 1 through 5, focus on the initiating phase and present the theory of measurement and metrics that workplace learning professionals need to know when beginning the journey of measurement for the learning function. In particular this section expands fundamental principles and provides insight into how a learning executive must think about learning and organizational change to render learning into a value-producing, efficacious business function.

Part II includes chapters 6 and 7 and helps workplace learning professionals with the planning phase of implementing measurement. These chapters focus on strategies for identifying and gathering the data required to run the WLP Scorecard reports.

Part III of this book, chapters 8 through 12, detail the steps to execute the WLP Scorecard. Specifically, these chapters explain how to access, navigate, enter data, generate reports and analyze WLP Scorecard reports to make decisions and transform learning into a value-producing, results-driven business function.

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Part I



Initiation Phase: Understanding Why Learning Matters

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Chapter 1

The WLP Scorecard: A New Tool for a New Kind of Executive

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In This Chapter

- What is the WLP Scorecard?
- Who is the new learning executive?
- What are the four keys for new learning executives to focus on when measuring and managing the learning function?

*

Workplace learning professionals know the value of learning and talent development better than anyone in the organization. Like their non-learning executive counterparts, workplace learning professionals want evidence that investment in learning is appropriate, targeting the right people and competencies, and is driving productivity, innovation, differentiation, and readiness.

Demonstrating organizational value is the daily mantra of learning professionals working to increase the respect and clout afforded the profession by top management.

Many workplace learning professionals struggle to quantify the work they perform and to fend off proposed reductions or elimination of learning budgets during economic downturns. Although senior management values learning and talent development, they also need evidence that investing in learning is appropriate, targeting the right people and competencies, and driving productivity, innovation, and differentiation.

Few tools provide comprehensive measurement and reporting systems for the learning function. Many measurement and reporting systems track

WLP Scorecard Benefits

The WLP Scorecard is an online, real-time benchmarking and decision support tool that enables organizations to

- monitor and benchmark a broad range of learning function financial, operations, customer, and innovation indicators
- customize reports with subsets of organizations and indicators
- compare the alignment, efficiency, effectiveness, and sustainability of an enterprise learning function, as well as the overall quality of the learning function, with that of hundreds of other organizations
- diagnose strengths and weaknesses in variables that affect alignment, efficiency, effectiveness and sustainability
- perform sensitivity analysis to see potential effects of adjustments to multiple variables on alignment, efficiency, effectiveness, and sustainability
- make decisions about all aspects of learning, including investments, staffing, processes, and the type and amount of formal and work-based learning opportunities to provide.

only a fraction of the learning activities that occur within organizations. In many cases, data collection and reporting are based on learning-oriented models rather than on solid business metrics.

What Is the WLP Scorecard?

So how do workplace learning professionals overcome these barriers to demonstrate value? All business functions rely on measurement as a means of finding gaps and targeting improvements. Measurement enables management to identify, develop, and implement strategies based on hard and soft targets to drive performance. For most learning functions, measurement currently focuses on

- ◆ levels 1-4 evaluation
- ◆ amount/quality of throughput (for example, number of learners, number of courses, percent completion, and others)
- ◆ learning function efficiency.

Although many of the measurements are relatively easy to gather because they focus on tangibles, they are often inadequate. In addition to the measurements listed above, learning functions should focus also on

- ◆ direct feedback from business unit leaders
- ◆ return-on-investment (ROI)
- ◆ alignment with organizational objectives
- ◆ scorecard measures.

Scorecard measures have emerged in the last 15 years in response to the challenges of managing business organizations that are increasingly becoming more complex. The number of measures that describe business function activity have exploded.

Scorecard methods reduce complexity by rendering sets of metrics into fundamental managerial categories. These methods often use inventive visualizations such as dashboards and ensure that each category receives due attention. Perhaps most important for managers, scorecard methods connect investments of resources with strategic objectives and illuminate the processes that need to be managed to transform resources into results.

Just as the traditional balanced scorecard is a management tool used to map an organization's strategic objectives into performance metrics, the WLP Scorecard is an online benchmarking, decision support, and performance measurement tool that connects learning investments to business results. The WLP Scorecard helps decision makers understand business drivers and how the organization currently stacks up based on a variety

of metrics and indicators for work-based learning, human capital, and business outcomes.

The WLP Scorecard provides instant comparisons on a broad range of learning and non-learning variables and diagnoses the strengths and weaknesses of each organization. The WLP Scorecard generates Scorecard Reports that cover financial, operations, customer, and innovation indicators as well as Index Reports that provide diagnostics on the alignment, effectiveness, efficiency, and sustainability of the learning function.

The WLP Scorecard reports are beyond descriptive, they are predictive, diagnostic, and prescriptive—that is, they tell you much more than where you have been. WLP Scorecard reports give you a sense of where the learning function is going, what it is going to take to get to where you really want to go, and what needs to be done to get there.

Ultimately the WLP Scorecard provides workplace learning professionals, learning executives, and upper management with a common language to communicate with one another about the diversity of learning function activities, the means by which learning is measured.

Who Is the New Learning Executive?

Look at a short history to understand the new learning executive. At one time, the job of the training manager was fairly simple. Firmly planted in the HR department, the training manager reported to one of the senior members of HR. Managing the learning function often involved setting up and coordinating logistics, creating workshops, equipping stand-up trainers with adequate materials, ordering food and beverages, and putting together evaluation instruments to satisfy both the head of HR and senior management.

In the infancy of training, even the idea of a learning executive would have seemed strange. The training manager, primarily a tactician, often executed someone else's larger plan. Senior management demanded training as a solution for problems not easily solved by shuffling people or tasks. Training wasn't regarded so much as a profession as an avocation. It is little wonder in times of tight budgets that training was thought of as "nice to have" and therefore expendable.

Technology Explosion

Learning has come a long way since the days of traditional classrooms and blackboards. Within the last few decades, new technologies have enabled training to be administered across distances—thus changing training from

Tips for Running Training Like a Business

To run learning like a business, learning executives need to

- determine what needs to be managed
- select the right metrics
- become a compelling leader and strategic partner
- communicate in business language
- engage the learning function across other functional areas in the organization
- connect learning to high-value work
- create and demonstrate value.

a social activity to more of an individual activity. An ever-changing world economy demands constant updates to training resources to arm employees with the resources to develop required knowledge and skills. The technological choices available to learning executives today were unthinkable only 20 years ago.

New Business Environment

Changes in the global economy and information technology impact the learning function as well. For example, an instructional program on network protocols, once suitable for only a small group of English-speaking learners, now requires repackaging for worldwide access. In today's economy many organizations must open markets and outsource labor to other continents to remain competitive. The responsibility to keep a global labor force skilled falls squarely on the learning function.

In short, the new learning executive is faced with many of the same fundamental challenges as other business leaders: making sense out of complexities and making the best decisions from a number of choices.

Four Keys for New Learning Executives

So with all this complexity and change, what should workplace learning professionals do to stay in the game? To begin, they need to understand that to manage the learning function as a business function, they must reverse the decades-old tradition of decoupling measurement and management.

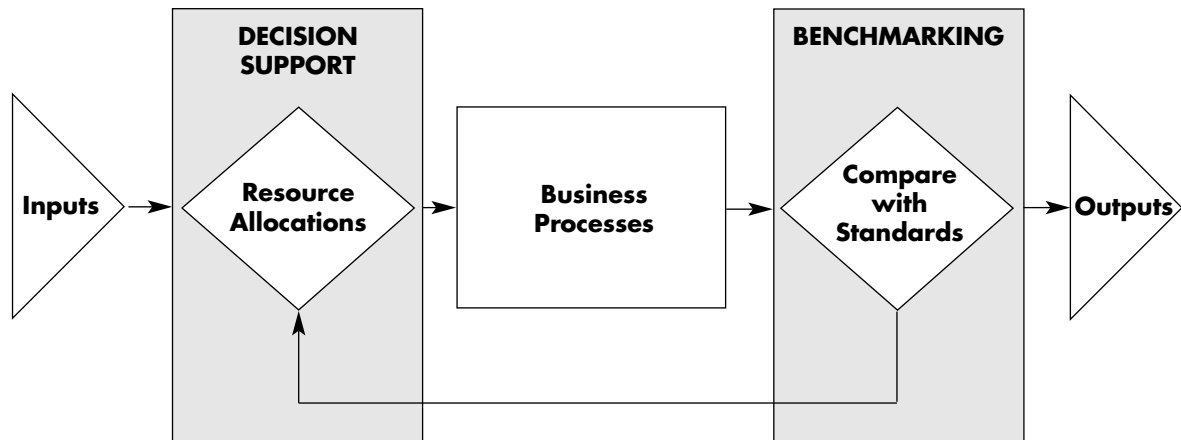
Summative evaluation—benchmarking the learning function after learning programs have been delivered—just doesn't cut it anymore. As illustrated in figure 1-1, management systems need to *feed back* measurement information flowing out of business processes and into decision-making situations. Only then can workplace learning professionals monitor and assess the flow of resources into value-creating business processes.

Four key concepts help workplace learning professionals focus on the right areas when measuring and managing the learning function:

- ◆ determining what needs to be managed
- ◆ selecting the right metrics
- ◆ creating compelling leadership and building partnerships
- ◆ communicating in business language.

Determine What Needs to Be Managed

Today, the learning portfolio in an organization consists of hundreds if not thousands of full-length courses. Learning executives find themselves solely accountable for more investments in the learning function and heavier demands to contribute to the bottom line. To achieve success,

Figure 1-1: WLP Scorecard Reports Overview

workplace learning professionals must assure that learning is reaching the right people, at the right time, and targeting the right competencies. In a word, learning has to be *right*.

Until now, many learning functions focused on managing learning *inputs* (people) and measuring *outputs* (courses, hours of learning, satisfied learners). With the number of learning function *processes* increasing exponentially in the past 20 years, which of these processes most deserve attention? Which processes contribute the most value to the organization? How do workplace learning professionals demonstrate that value to other business leaders? The success of the learning function in most of today's organizations now depends as much on knowing what dials and gauges to monitor and which levers to pull as it does producing hours of learning, workbooks, and posttraining tools.

With limited time to effectively manage all tasks needing attention, good management consists of giving the right amount of attention to the right tasks. Strong managers seek to strike a balance between what deserves attention and what requires attention, between details and fundamentals, between tactics and strategy.

Select the Right Metrics

A *metric* describes the distance of a phenomenon from a desired benchmark or standard. Metrics can describe either learning function inputs or outputs and can help to direct management action.

Metrics describe what is normal and abnormal and whether any one observation is part of a trend. For example, metrics that support decision making might include simple ratios of unit expenditures or difficult psychometric measures of how much people learn. Although metrics communicate, simplify, illuminate, and persuade, they ultimately represent opportunities for improvement.

Learning programs leading to performance improvement are not one-time events, but rather a series of events, each of which may be measured using separate sets of metrics. Several factors, including the amount of time between learning events and when the new information must be applied, may degrade the quality of how information gets translated into individual performance, and likewise how individual performance gets translated into organizational performance.

An *indicator* is usually a calculation or a ratio that describes the direction of a learning function input and gives some clue as to what might happen in the future if conditions remain the same. *Key indicators* are a set of indicators that concisely and comprehensively describe the direction of the most important inputs to the learning function. It is often challenging to translate information obtained from indicators into managerial action.

So how can metrics help to run training like a business? Successful learning programs accomplish these goals:

- Learners receive information and store it.
- Later, they must translate that information into individual performance behaviors.
- Individual performance behaviors conspire to achieve organizational objectives. Such an improvement is usually measured very tangibly, often in terms of dollar value.

In *Presenting Learning*, authors Tony Bingham and Tony Jeary discuss the skills and techniques that workplace learning professionals need to communicate to CEOs and other top decision makers about the value of learning as part of overall company strategy (Bingham and Jeary, 2007). This resource includes examples of and tips for developing strong leadership skills as well as stories about the power of learning in transforming organizations.

Metrics should derive from desirable behavior and favorable outcomes. The data that contributes to each metric is as important as the metric itself. Invalid and unreliable data and data collection methods result in untrustworthy metrics. Above all, metrics should be parsimonious. Workplace learning professionals need to identify the least number of metrics required to effectively manage processes, communicate with senior management, and execute learning strategy. Keep in mind that the same set of metrics may not be appropriate for all three of these areas. Some metrics are used to signal an emergency, whereas others are meant to be monitored more regularly.

Create Compelling Leadership and Build Partnerships

In a recent ASTD study, chief learning officers (CLOs) cited leadership as the most important characteristic for success (Sugrue and Lynch, 2006). Although almost all successful people attribute at least part of their success to leadership ability, this study found that many of the top learning executives attribute their greatest successes to the ability to build alliances across organizations and to be seen as a partner with other business owners. This may seem obvious, but many workplace learning professionals still rely almost entirely on their technical proficiency or mastery of learning science to gain credibility.

The majority of current CLOs come from outside the learning function (for example, production, finance, operations) and became conversant in learning science later in their careers. More recent trends indicate just the opposite with an increasing number of learning leaders who are rising through the ranks of the learning function and learning the lessons of leadership early in their careers.

Communicate in Business Language

As learning becomes more integral to business strategy, learning executives need to become more conversant in the language of business—that is, describing organizational learning in terms of value, the marketplace, learners, and learning function.

Value

Value means many things depending on the context. Successful CLOs describe value in vivid ways to produce both numbers and compelling stories. Discussions usually focus on the bottom line: How does learning impact the bottom line—both in business units and at the enterprise-level? The bottom line may refer to profit, net income, a definitive result, or a dollar figure.

Return-on-investment, another common framework for discussing value, describes how much profit or cost savings is realized as a result of an

investment or expenditure. In the WLP profession, ROI reflects the dollar value of learning program outputs compared with the cost. This ratio of inputs to outputs, always expressed as a percentage, calculates the amount of learning program impact at an organizational level—that is, how well the organization performs under a given set of circumstances.

Successful learning executives communicate in business language and skillfully address common concerns regarding the real outcomes of learning programs beyond standard professional certification and efforts to integrate new employees into productive and committed members of the organization. They justify investments in learning, quantify the impact of expenditures, describe how investments link to organizational performance, and emphasize the competitive advantage that now exists due to differentiation in productivity and innovation.

In building a case for the strategic value of the learning function, you must identify if the organization is investing optimally in learning. Learning executives need to explain whether the current effects of learning could be achieved with a smaller budget, or conversely would greater investment yield increased benefits.

The Marketplace

Learning professionals collaborate with colleagues to expand the field, but these same professionals must also guard confidential information and competitive intelligence. So how can workplace learning specialists obtain information to benchmark learning expenditures, such as amount of expenditure per employee, within the context of the competition and not just an entire industry?

Strong workplace learning professionals are able to describe how key indicators and benchmarks of the learning function in their organization match up against those of direct competitors, the overall industry sector, and across a broad range of organizations. For example, they often discuss innovative learning strides implemented both successfully and unsuccessfully by the competition when communicating with senior management. They need to understand industry changes so that the learning function can continually adapt to remain effective and support the rest of the organization amid market changes. Because CEOs rely on the learning function as a competitive advantage, workplace learning professionals must become trusted advisors with the ability to effectively communicate the value of the learning function, especially in relation to the competition.

The Learners

Learning executives constantly look at metrics and numbers—and rightfully so. Numbers, however, tell only part of the story, and understanding the full story requires talking to the people behind the numbers.

Speaking directly with learners provides invaluable intelligence about the wealth of an organization's human capital and where it clusters. Taking time to do walk-around management and cultivating relationships with leaders of other business units in the organization provide a sense of how the learning function is perceived by others—including the learners.

Workplace learning professionals need to identify what employees see as the benefit of learning. Do they perceive learning as a worthwhile task to help accomplish personal or professional goals and make them more marketable? Or do they see training as time away from *real work*?

For any industry, remaining competitive requires the learning function to help retain and nurture the leadership and talent that already exists in the organization. By tightly partnering with HR and senior management, the learning function plays a vital role in planning and equipping employees and future leaders with crucial skills.

The Learning Function

As a learning executive, if you don't boast about the value of the learning function and the talented staff within it, who will?


Take a page out of the playbook of other senior managers who showcase the talent that surrounds them! Many organizations like to boast about their partners. As the saying goes, you can learn a lot about somebody by the company they keep.

Successful learning executives imitate the way their organizations show off portfolio partners. During a recent multimillion dollar learning center tour, every hallway, wall, and room of the facility displayed powerful messages about organizational values and commitment to learning. The ultimate message: show off the learning function talent and partners!

Walking the talk and ensuring that the learning function staff participate in their own personal and professional development are also mission critical. Do the workplace learning professionals in the organization develop their own skills as learning professionals and possibly future leaders or is it learning for everybody else?

If the learning function is to be seen as a strategic learning partner, then this area needs to have the right people, in the right place, targeting the right competencies, and receiving the right amount of investments and attention from senior management.

In summary, every learning executive needs to impact the seven *right things*: the right people, in the right jobs, in the right places, at the right time, with the right competencies, using the right programs, and nurtured in the right environment.



Chapter 2

Five Fundamentals for Managing Learning Like a Business

*

In This Chapter

- Treating learning like a capital investment
- Engaging learning resources from outside the learning function
- Evaluating marginal impacts
- Making learning transparent and reducing complexity
- Determining critical success factors

*

So how should workplace learning professionals approach managing learning like a business? To be effective, they should provide reports that satisfy senior management, establish credibility, earn the respect of management and peers, and demonstrate the value of the learning function in contributing to the organization's success. These professionals will possess strong business acumen and are not reactive to daily demands and emergencies; rather, they focus on organizational goals and driving results.

What exactly does business acumen mean in this context? In training, how often do learners “not rise to the level of expectations, but rather fall to the level of training?” Regardless of the training goal—executing a championship football season, exceeding sales goals, leading an organization, developing armed combat skills, training law enforcement officials—a learner's success depends on mastering a set of fundamentals and repeatedly practicing those fundamentals to be able to execute them successfully in a real performance situation. Likewise, business acumen requires professionals to master a set of fundamentals and rehearse authentic situations to execute those fundamentals on a moment's notice.

Treat Learning Like a Capital Investment

The following questions can help you to begin thinking strategically about and treating learning like a capital investment:

- Estimating the benefits of learning over time:** Are the benefits greater as time goes by or immediately after the learning event? Do the benefits increase or decrease gradually? How long are the benefits expected to last? What forces dilute the benefits before they are fully realized?
- Assessing the risks:** What is the contingency plan to obtain required resources? What functional areas within the organization have resources with the required skills to help with resource issues? Is this a one-time investment, or are additional investments likely if the program succeeds? If the program does not succeed, is further investment justified or is it better to stop the initiative?
- Discussing the full value of benefits:** How can a particular learning program be leveraged for other parts of the organization rather than reinventing the wheel? What alternative strategies can be used if this program is no longer feasible? What potential revenue streams could be realized from a successful learning product, for example, customer education programs or consultancy?

This chapter discusses the fundamental competencies required to effectively manage learning like a business, including

- treating learning like a capital investment
- engaging resources outside of the learning function
- evaluating marginal impacts
- making learning transparent
- determining critical success factors.

Fundamental 1: Treat Learning Like a Capital Investment

Workplace learning professionals must communicate in the language of financial terms and investments, especially when making a case for budgets and stating the value of the learning function. The WLP professional's business language, however, is often naïve and sometimes turns off the exact people he or she wants to persuade!

Senior management evaluates opportunities quantitatively. They carefully analyze financial inputs, expected outcomes, and results for a variety of scenarios. Although senior management talks about the value of employees, they need better tools to describe that value. That's where workplace learning professionals with strong business acumen can play a vital role. By communicating the establishing measurements, they can best convey the value of the learning function in terms that management deems essential.

Any important initiative undertaken by an organization is treated like a capital investment—that is, resources invested will have a predictable flow of benefits and will ultimately be regarded as productive long-term assets. Capital assets drive, create, and extract tangible value after their initial funding.

The fact is that learning programs create valuable assets that have some of the same underlying dynamics as traditional capital assets, and non-learning executives need help in identifying ways that investments in learning can be treated as capital investments. Start by demonstrating to management that investment in the learning function is not an open-ended commitment. Then evaluate learning investments using the same techniques that financial managers use to evaluate investment opportunities. This means tying hard investments to hard outcomes and showing the links.

Fundamental 2: Engage Learning Resources From Outside the Learning Function

Although a learning function's budget fluctuates from year to year, the WLP profession generally sees increased investment in learning in most

industries every year. Organizations, however, are not solely responsible for the learning process. As organizations increase the training investment per employee each year, they expect employees to stretch each learning dollar and use learning resources beyond those directly provided by the organization.

In lieu of unlimited funding, workplace learning professionals need to build partnerships with other business units in the organization to access and leverage resources for learning programs. By pooling and sharing resources with other business units, the learning function and its internal partners benefit by reinforcing each others' efforts, thereby forging a strong partnership. Learning programs extend beyond division and business unit boundaries to improve performance across the organizations. In the same manner, the learning function needs to partner with business units and identify resources for cross-organizational learning programs. By sharing resources, the learning function continues to deliver high-quality, targeted learning programs at a potentially lower cost on a per-participant basis, and the business units gain knowledgeable resources who can readily coach and support the transfer of learning back on the job.

Centralizing the learning function provides many benefits to individual learners, business units, and the organization as a whole. For example, learners can readily access the learning programs they need. Training redundancies are uncovered based on what the learning function needs to provide and what individual business units are already providing. Removal of these redundancies frees up business unit resources to support the objectives of the learning program before, during, and after the training to maximize application and retention.

So how does this help to demonstrate the value of the learning function? Truly strategic learning functions complement the efforts of other business units in the organization and help them to drive the required behavior to achieve their performance goals. Strong learning executives recognize these dynamics and benefits and seek opportunities to enable success in business units by creating strong partnerships within the organization.

Fundamental 3: Evaluate Marginal Impacts

The saying “employees respect what management inspects” conveys the idea that the measures and concerns of senior management drive the measures and focus of everyone else in the organization. Management in any organization tries to avoid uncertainty because it often involves more risk and unexpected costs. As a result, some workplace learning professionals prefer to take small steps when the amount of risk in pursuing an initiative is high or uncertain.