

# 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

# Trend 1

## Investment, Governance, and Alignment

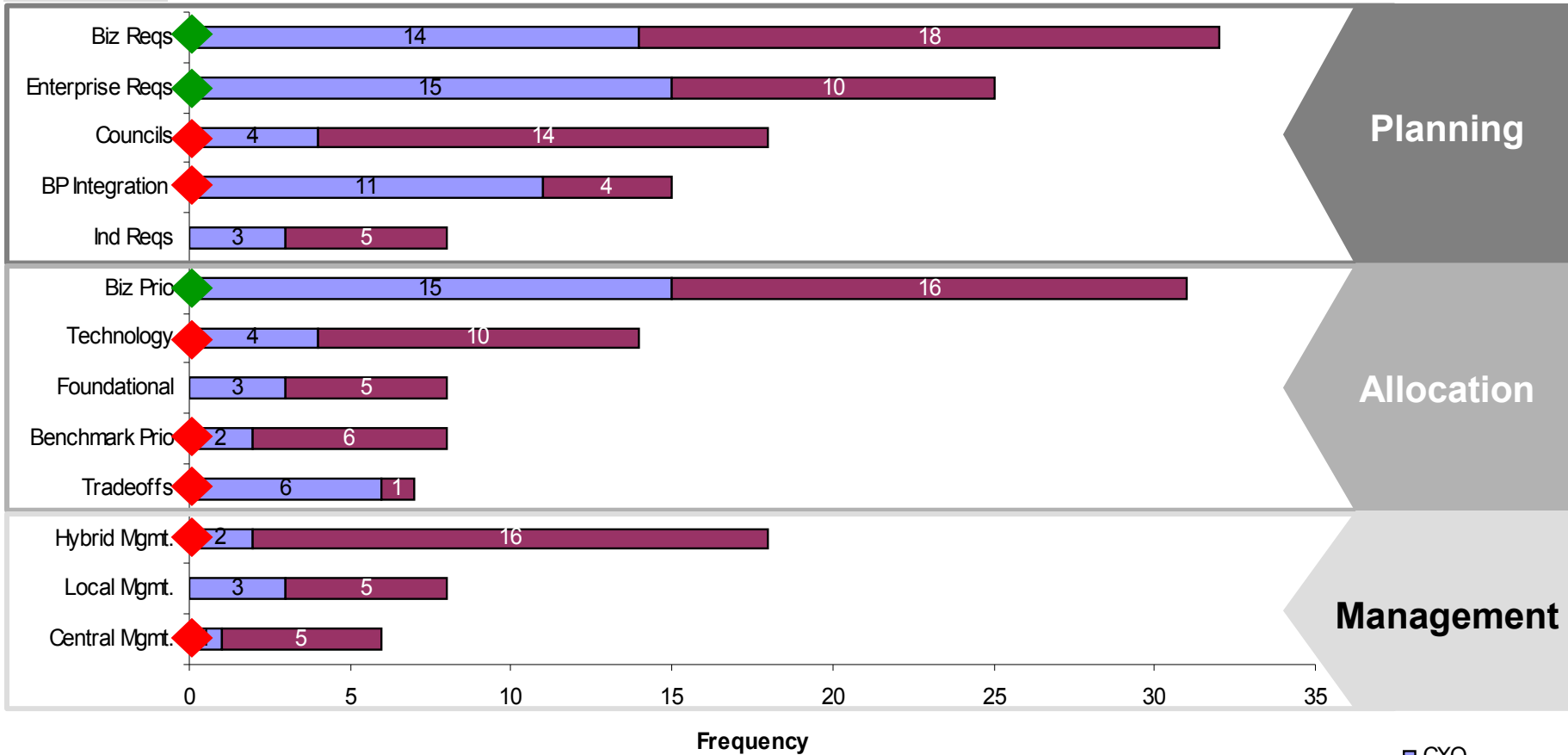
**Figure 2: Average Expenditure per Employee**  
(U.S. Dollars)



Expenditure up in 2004, partly due to better governance

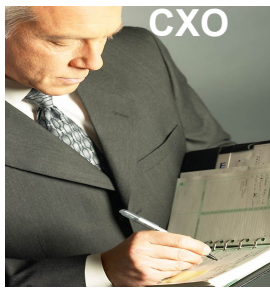
◆ Aligned  
◆ Varying

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.

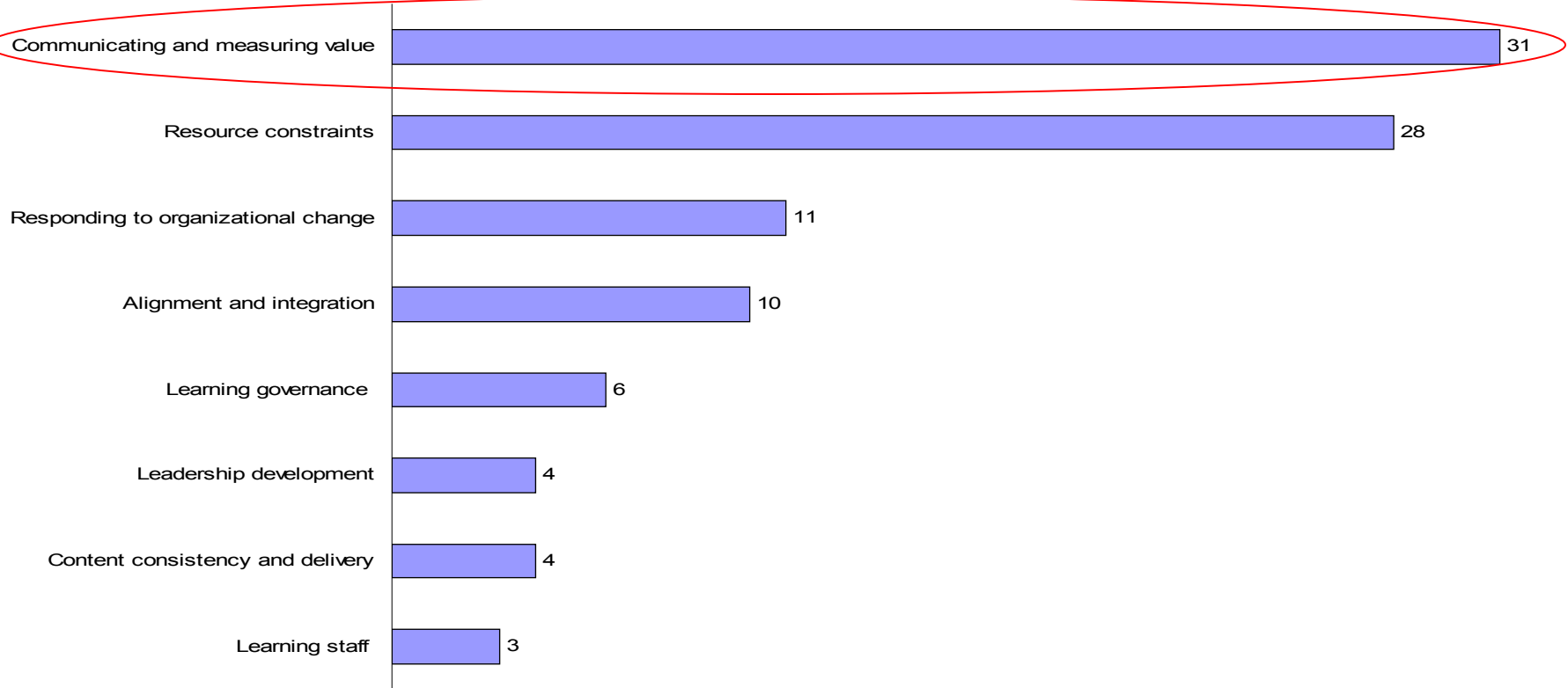
If learning is budgeted and managed as a separate function it is more likely that it will not be as closely aligned to the needs of the business.

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.**



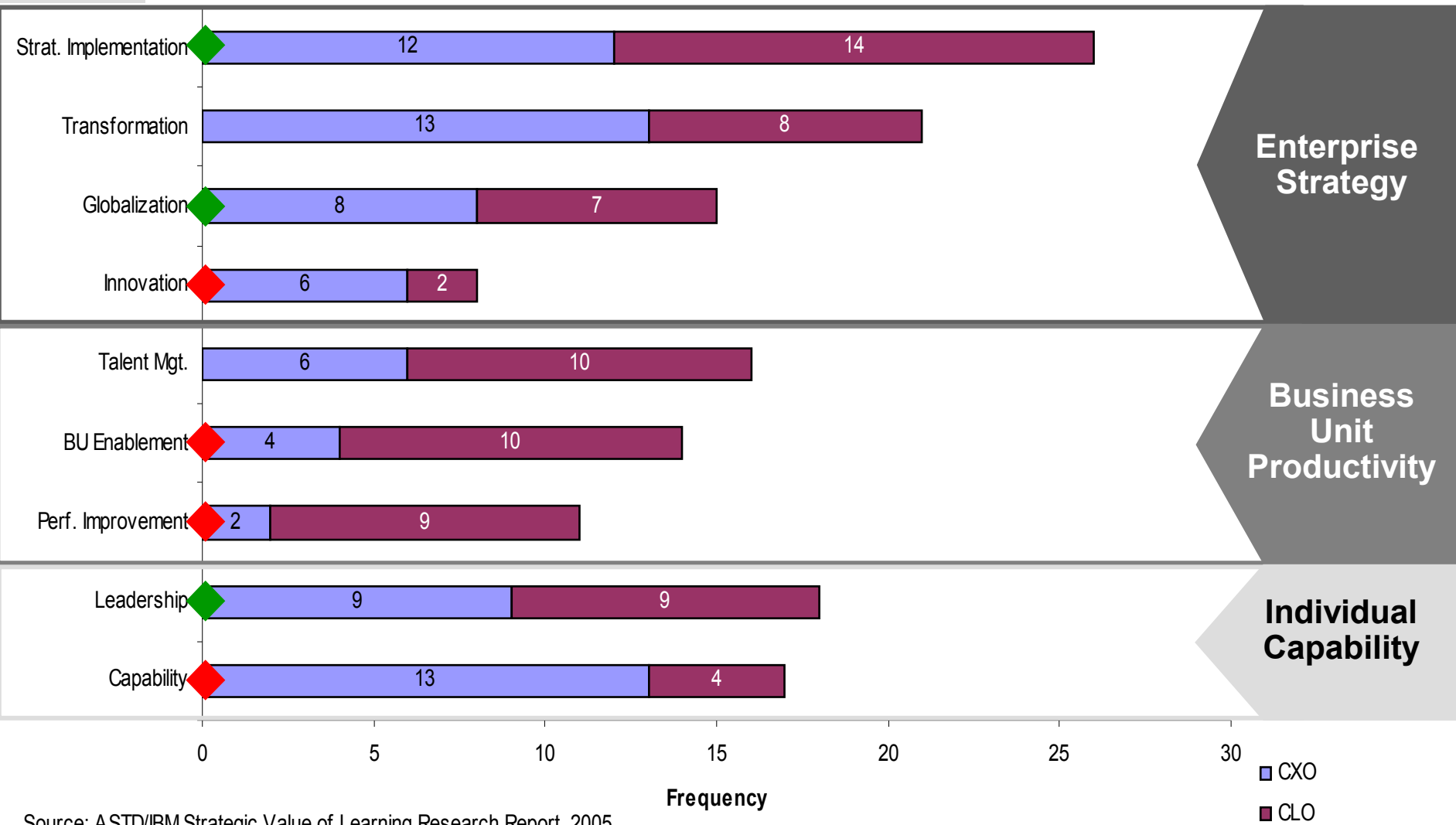
n=92

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?



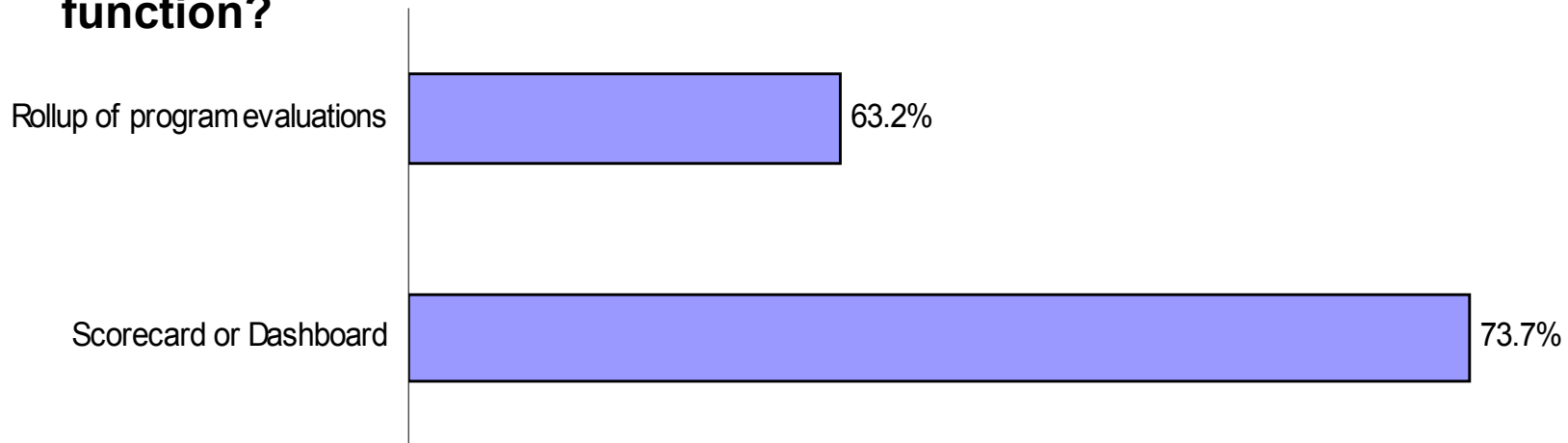
Source: ASTD/IBM Strategic Value of Learning Research Report, 2005

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
<b>All Programs</b>	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

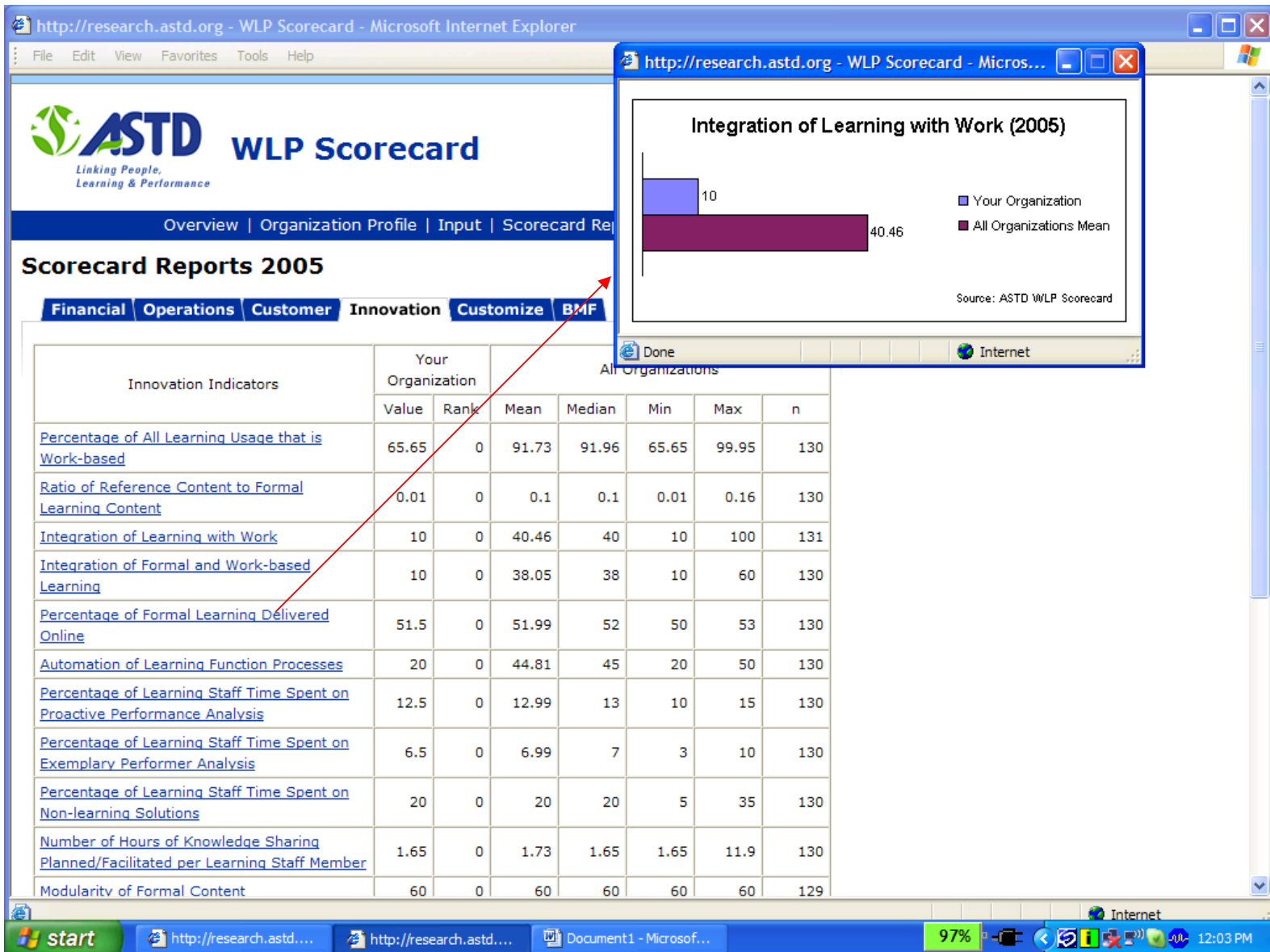
# Balanced Scorecard for WLP

Financial Perspective	Operations Perspective
<ul style="list-style-type: none"><li data-bbox="150 496 581 544">■ Spend per FTE</li><li data-bbox="150 596 691 644">■ Budget breakdowns</li></ul>	<ul style="list-style-type: none"><li data-bbox="1020 486 1541 534">■ Staffing, processes</li><li data-bbox="1020 582 1534 686">■ Time to create and maintain content</li></ul>
Customer Perspective	Innovation Perspective
<ul style="list-style-type: none"><li data-bbox="150 882 672 929">■ Learner satisfaction</li><li data-bbox="150 978 871 1082">■ Organization (management) satisfaction</li><li data-bbox="150 1135 915 1182">■ External customer satisfaction</li></ul>	<ul style="list-style-type: none"><li data-bbox="1033 882 1630 986">■ Growth of the learning function</li><li data-bbox="1033 1039 1707 1210">■ Role of learning in driving organizational growth and innovation</li></ul>

# WLP Scorecard Report

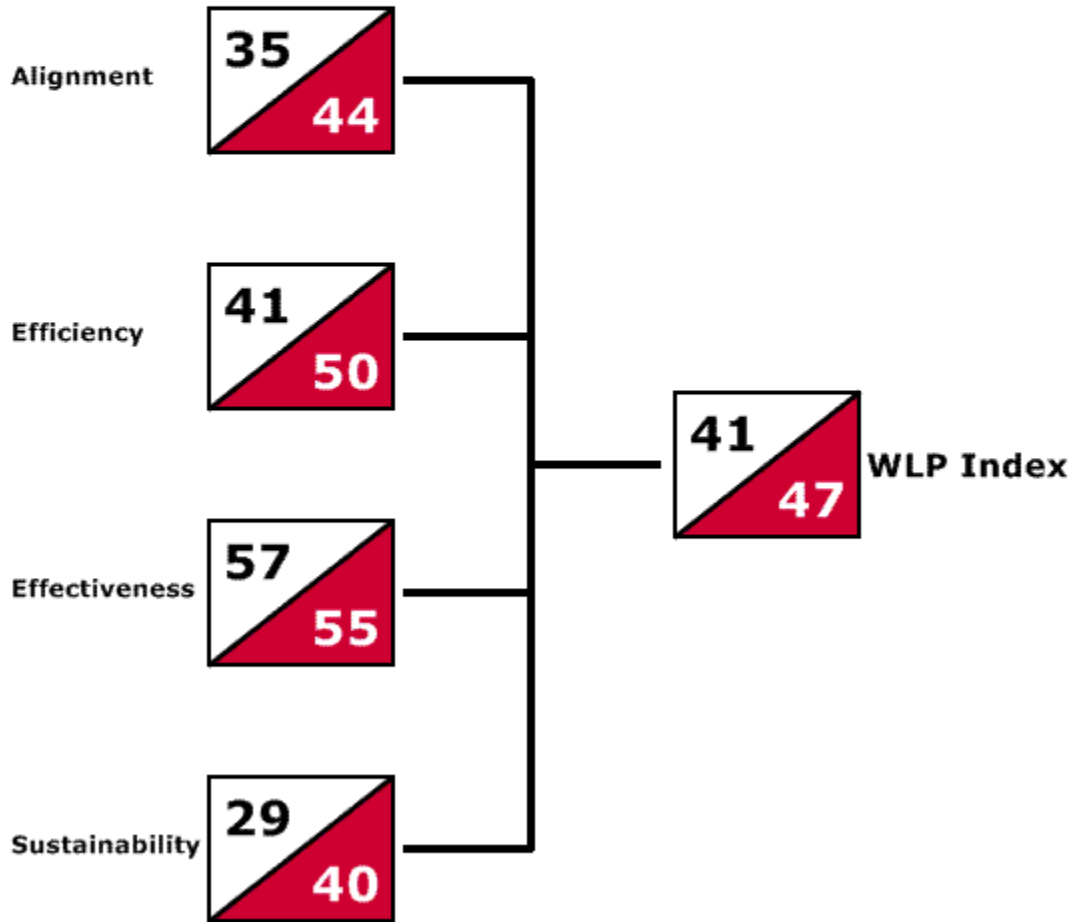
- **Financial Indicators** monitor and compare financial aspects of the learning function. They cover expenditures and cost ratios.
- **Operations Indicators** monitor and compare operational aspects of the learning function. They cover staffing, processes, and output indicators.
- **Customer Indicators** 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



# 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

File Edit View Favorites Tools Help



## 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

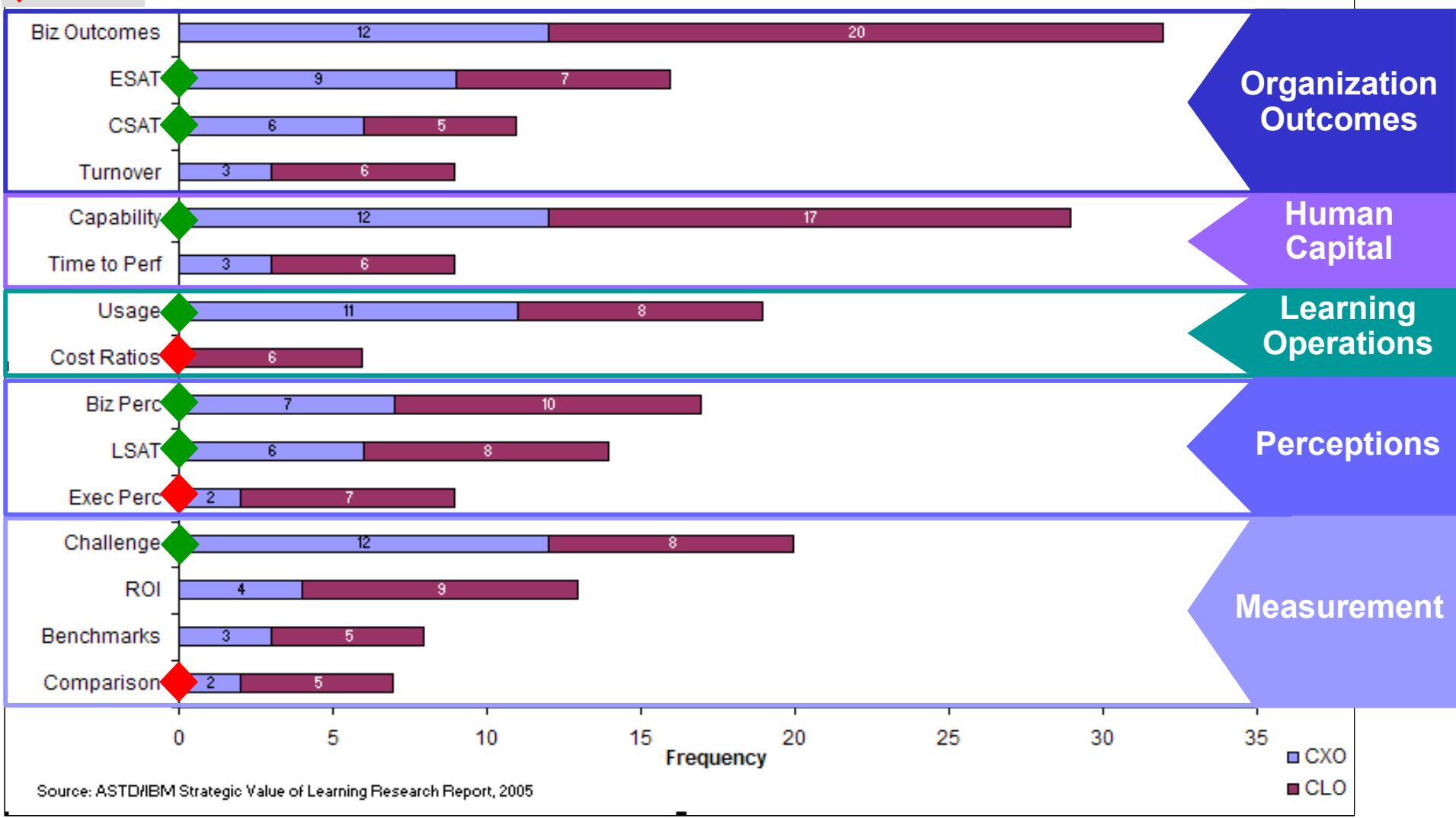


Predictor	Your Value	Mean Value of Top Scorers	Priority	Change Your Score
Expenditure per employee (direct formal)	1273.15	1445.9		<input type="text"/>
Expenditure per employee (total formal and work-based)	65312.5	6188.03		<input type="text"/>
Expenditure (direct formal) as percentage of payroll (without 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"/>

Internet



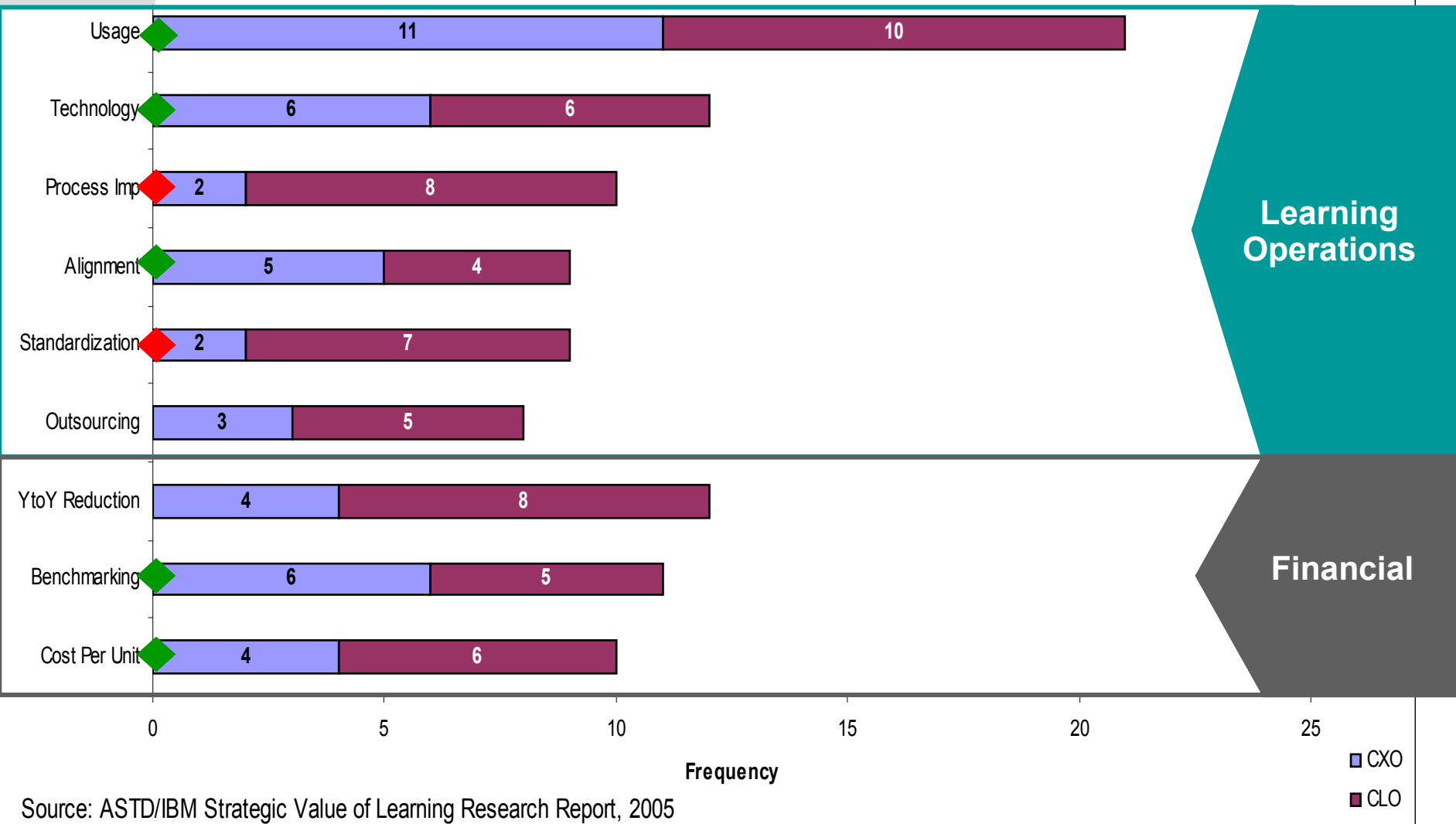
**Q5. How do you measure the learning function's value contribution to your organization?**



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

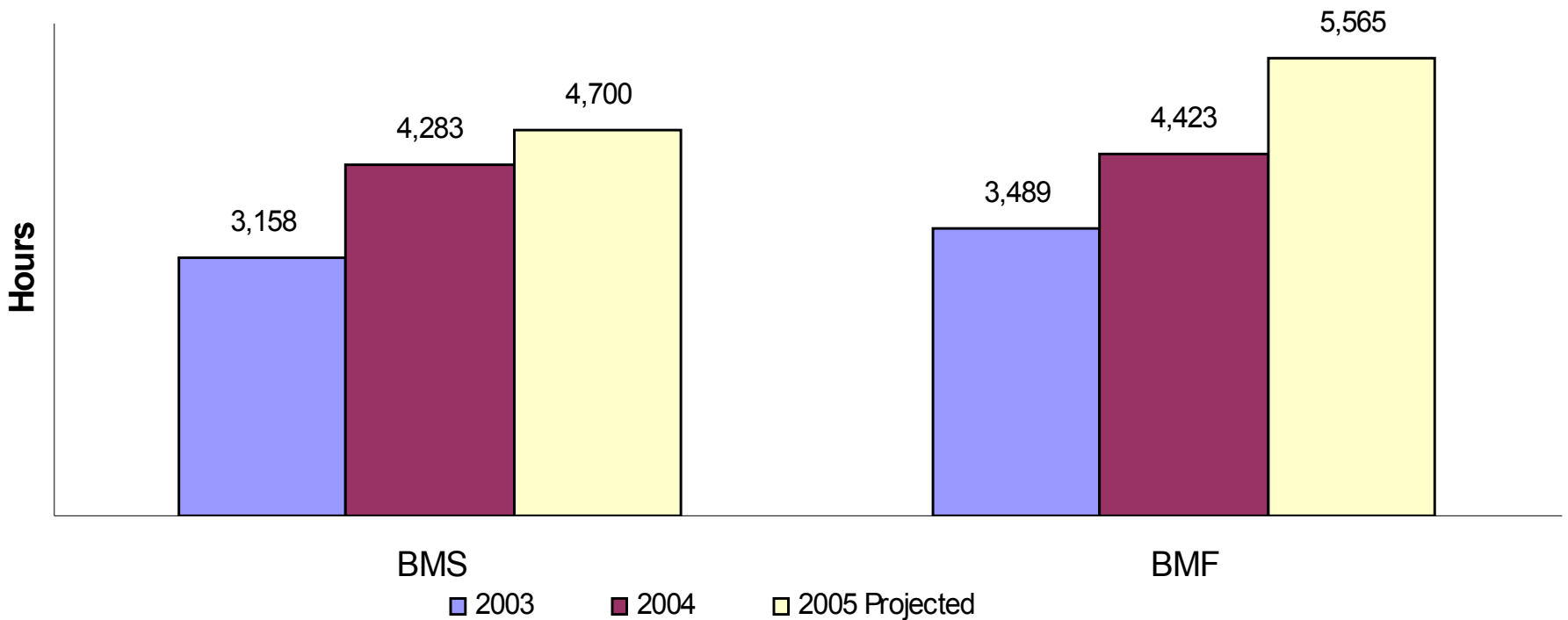


Efficiency indicated by costs and operations  
(also in BMF)

# Efficiency Indicators

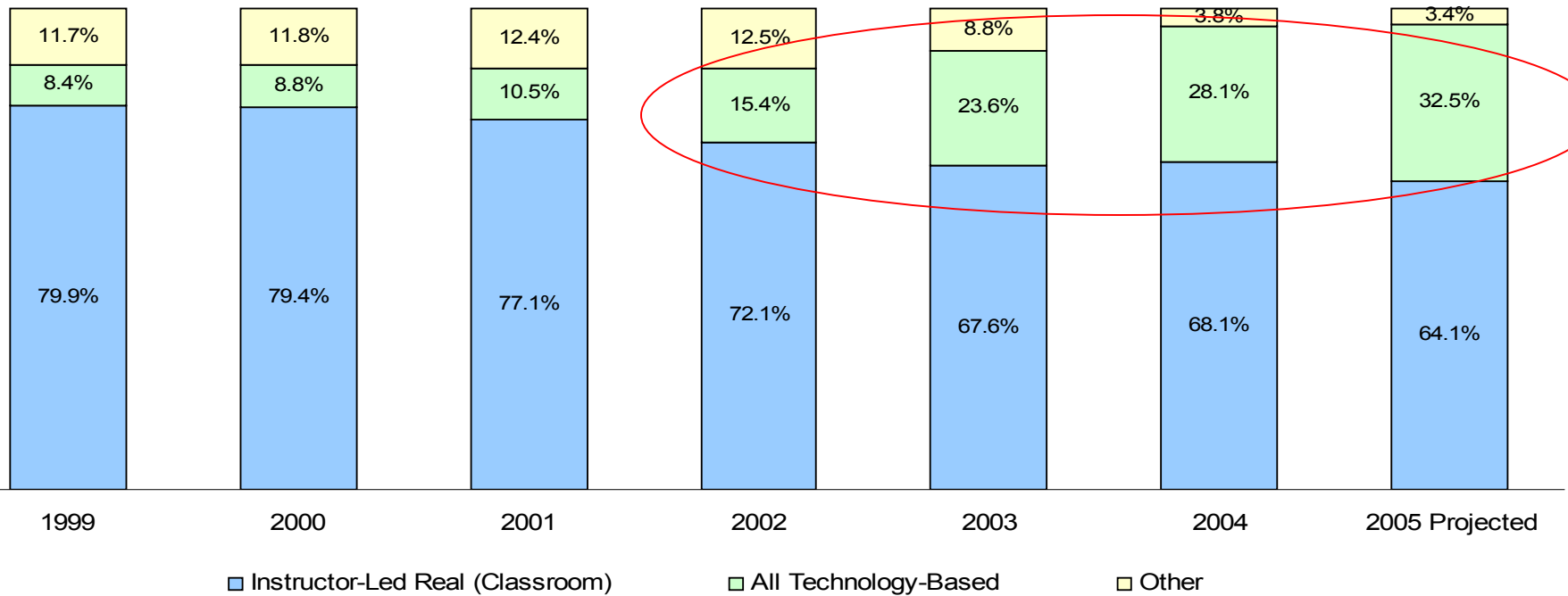
**Figure 9: Average Learning Hours Received per WLP Staff Member (BMS)**

*(adjusted for outsourcing)*

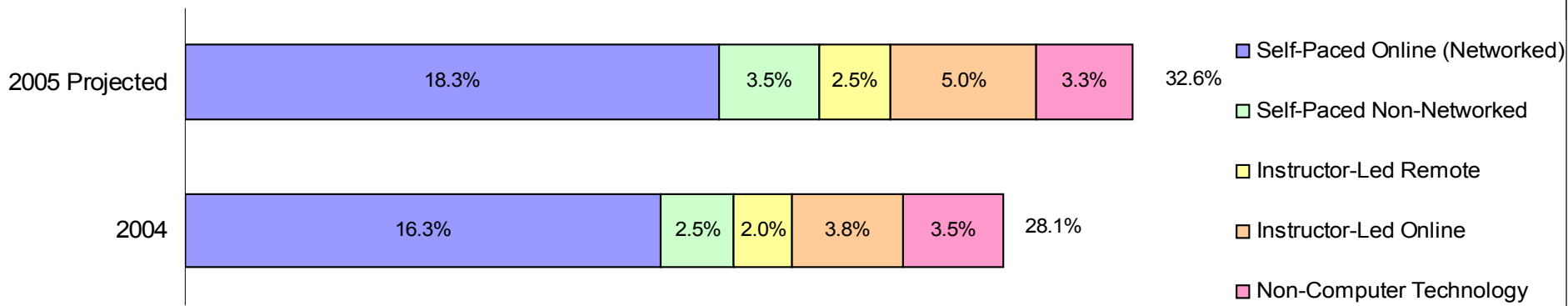


Ratio of learning hours consumed to learning staff is increasing

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

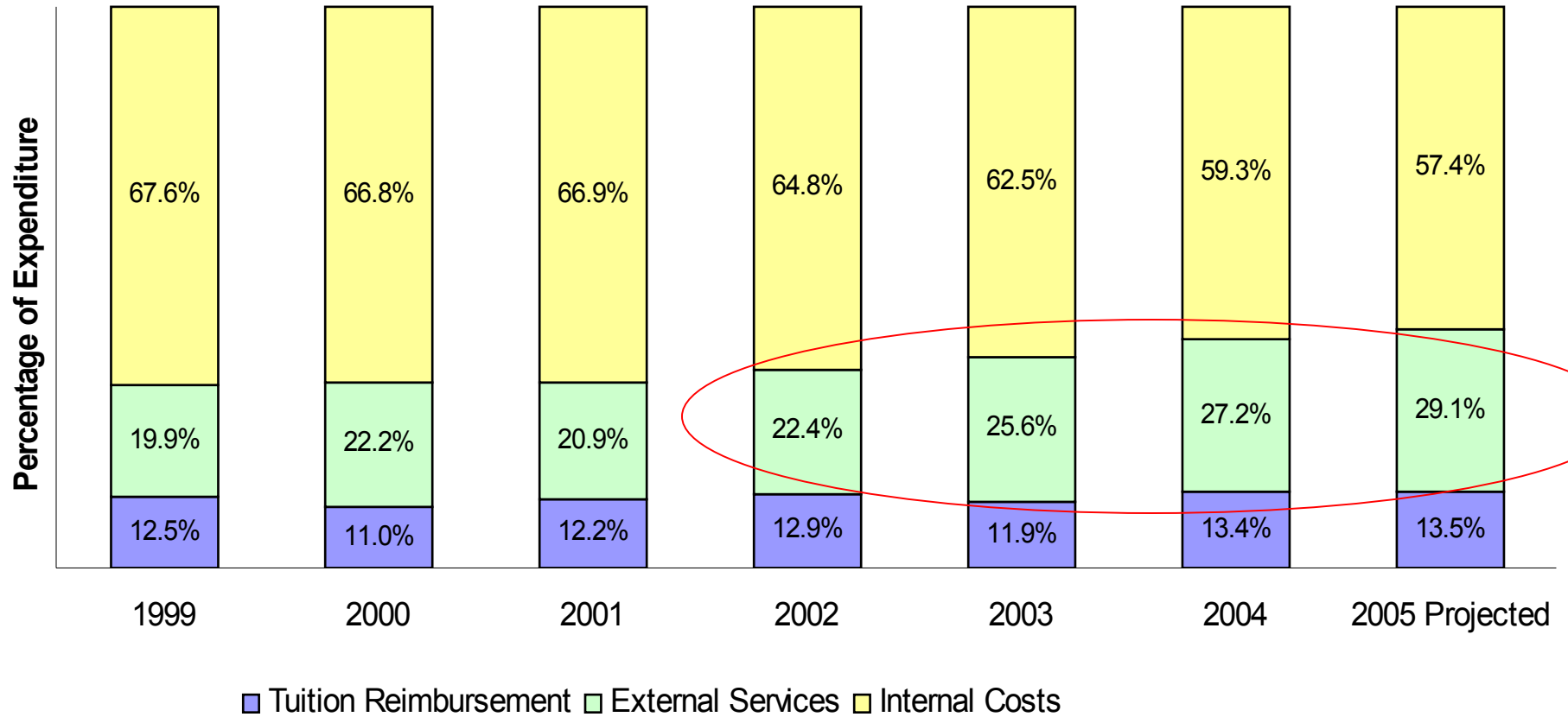


**Figure 18: Average Percentage of Learning Hours Provided via Technology-Based Delivery Methods (BMS)**



Technology use, especially online, is increasing

Figure 4: Average Expenditure Distribution (BMS)



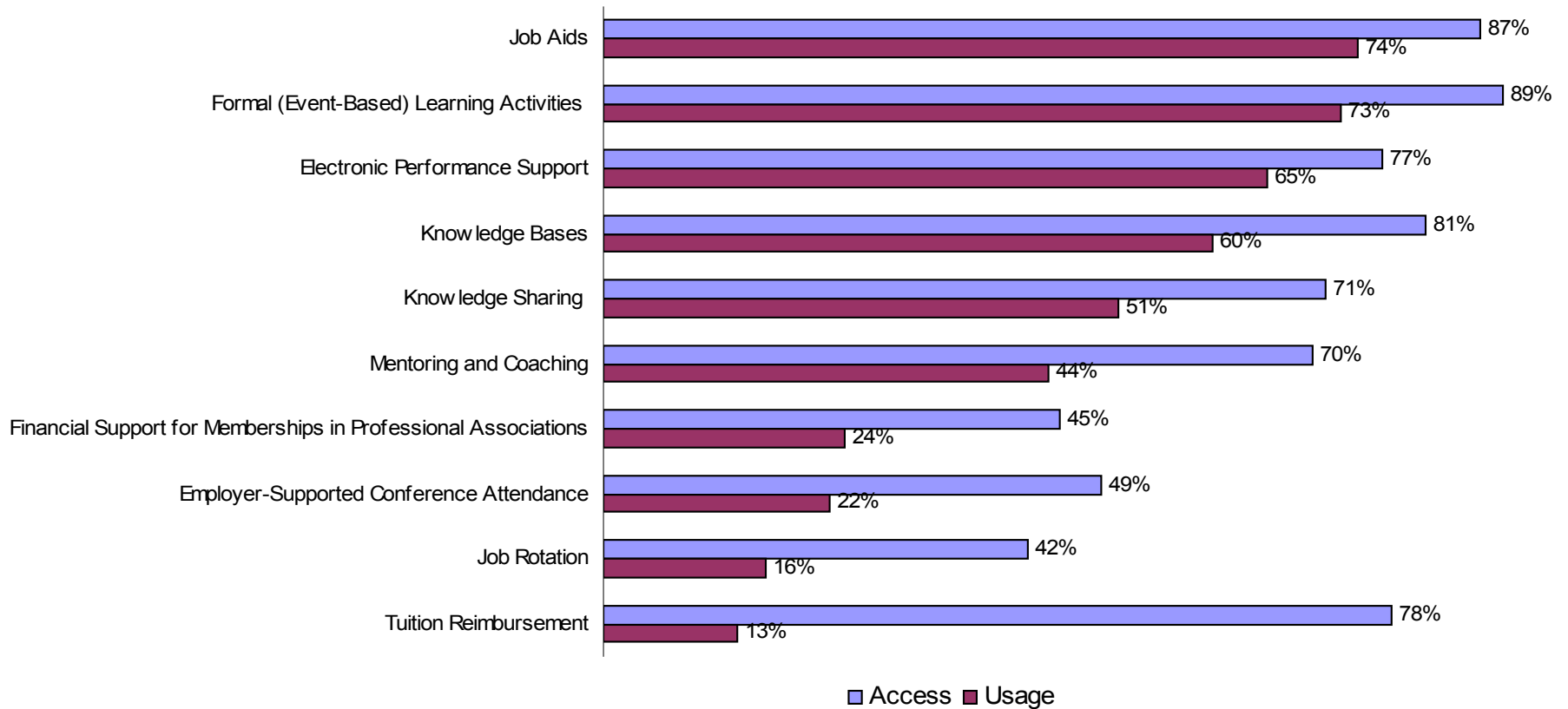
Outsourcing is increasing

Outsourcing decisions are becoming more strategic

## Trend 3

# Expanded Definition of Learning

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

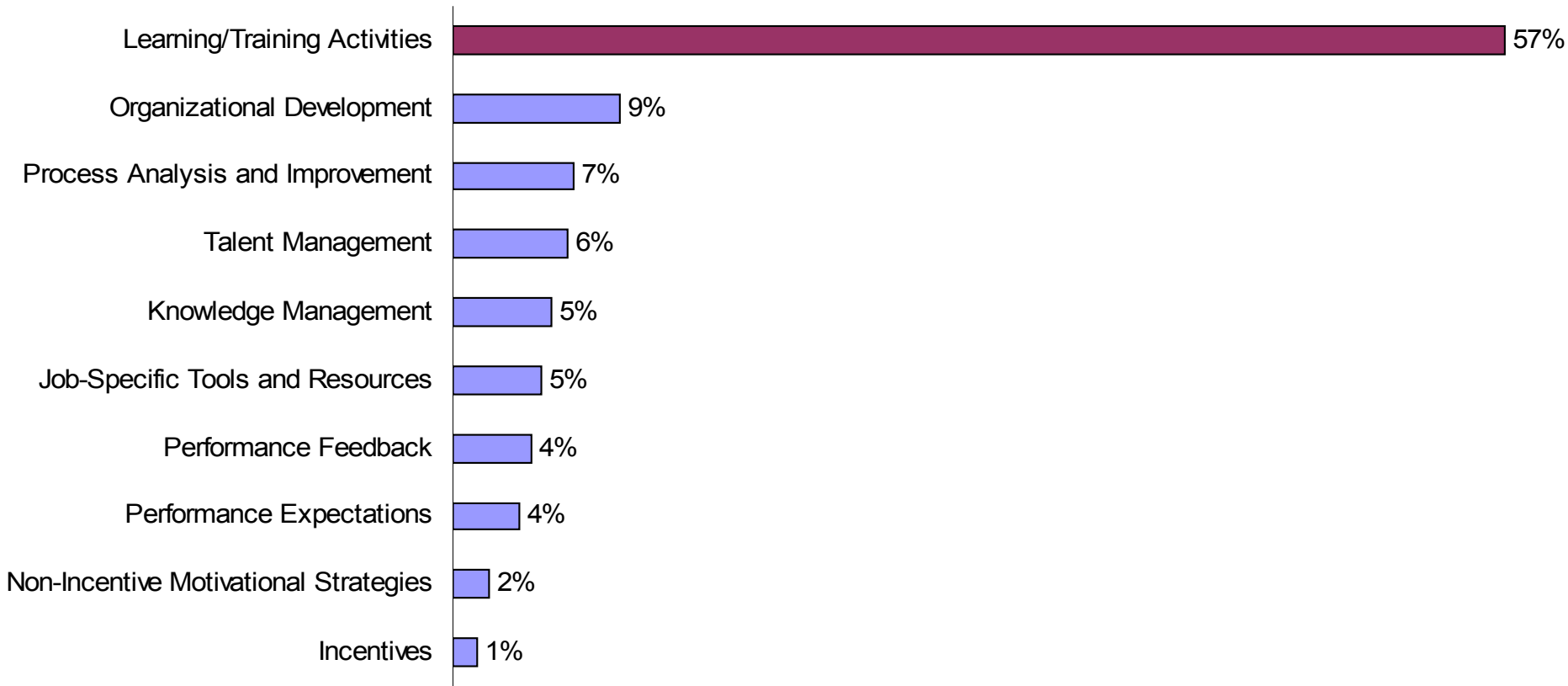


Increased legitimization and provision of non-formal learning opportunities

## 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

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

*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***