State of the Industry Study

Transforming Learning into a

Strategic Business Enabler:

What does it mean for learning
to be a strategic enabler
for the business?

Submitted by: HCM Advisory Group

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TRANSFORMATION AT WORK

Executive Summary

In order to achieve learning that lasts and reach new levels of performance, it is critical that learning be directly aligned with business needs and that it is perceived as a strategic enabler for the business. Saba partnered with Human Capital Media (HCM) Advisory Group, to assess the state of the learning industry with respect to alignment with the business, and how the learning function is perceived: as a cost center, a necessary but costly contributor to the business, or a strategic enabler.

Research Methods
- A 57 item survey was sent to learning leaders at director level and above.
- 612 responses were received.
- Respondents were from a broad spectrum of industries, company sizes and geographic distributions.
- Additional data on measurement and assessment practices and Learning Technologies was sourced from the CLO Assessment & Measurement annual survey and the CLO Learning Technologies annual survey.

Key Trends
- Background of the CLO is changing. More learning executives are coming out of the line businesses and mixed backgrounds.
- The reporting structure for L&D is changing. Nearly 1 in 3 CLO's report to the CEO.
- Leadership, Line Business Units and Customer Service are the key internal customers of most L&D organizations.
- 1 in 4 learning organizations deliver training beyond their employees. For Strategic Enablers, it's one in three.
- Strategic Enablers engage in an ongoing process to educate leadership about the value of training to the organization.

Perception of the Learning Function
- Respondents report that there is still a gap between the perceived importance of the learning function to organizational success, between the view of learning leaders and senior c-suite leadership. However, this gap is dramatically smaller in organizations that say the learning function at their organization is seen as a strategic enabler, rather than a cost center.
- Overall 52.7% of respondents report that the learning function at their organization is seen as a strategic enabler for the business.

- 33.6% report that the learning function at their organization is seen as a necessary but costly contributor to the business.
- 13.7% report that the learning function at their organization is seen as a cost center.

Strategic Enablers

As a learning organization increases it's alignment with the business, it moves from being perceived as a Cost Center to being perceived as a Strategic Enabler for the business.

Cost Centers	Necessary but Costly Contributors	Strategic Enablers
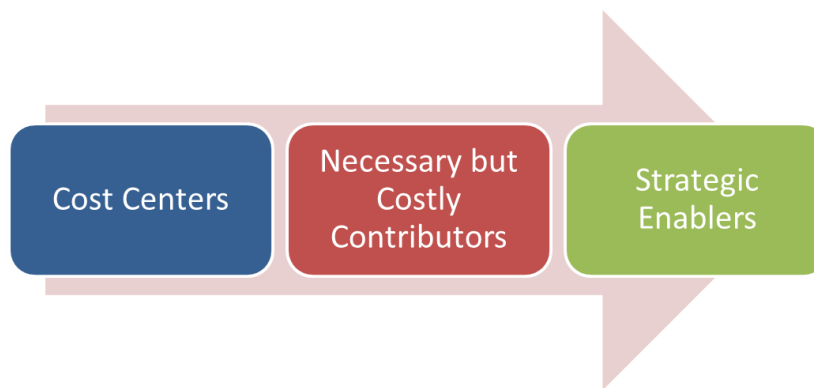
Strategic enablers are:

- 4-6% more likely to deliver training to customers.
- 8-9% more likely to deliver training to partners/channels.
- 4-6% more likely to deliver training to suppliers.
- 25-42% more likely to report that training is aligned with business strategy.
- Twice as likely to use objective measures of employee performance to align their learning to the business strategy.
- Twice as likely to do formal learning requirements planning.
- Four times more likely to have a learning advisory board with members from the business and the learning function.
- 26-43% more likely to have an annual process of mapping the learning strategy to the business strategy for the year.
- 39% more likely to have been demonstrating the impact that training has on the business.

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Perceptions of the Learning Function

Respondents report that there is still a gap between the perceived importance of the learning function to organizational success, between the view of learning leaders and senior c-suite leadership. However, this gap is dramatically smaller in organizations that say the learning function at their organization is seen as a strategic enabler, rather than a cost center.

	Self-Reported Importance	Executive Perception	Gap
Overall	89.9%	66.1%	23.8%
Strategic Enabler	95.2%	86.8%	8.4%
Costly Contributor	86.9%	48.7%	38.2%
Cost Center	76.8%	26.9	49.9%

Overall 52.7% of respondents report that the learning function at their organization is seen as a strategic enabler for the business. While 33.6% report the learning function is perceived as a "necessary but costly contributor to the business" and 13.7% report the learning function is perceived as a cost center.

Alignment Maturity

- 52.7% Strategic Enabler
- 33.6% Costly Contributor
- 13.7% Cost Center
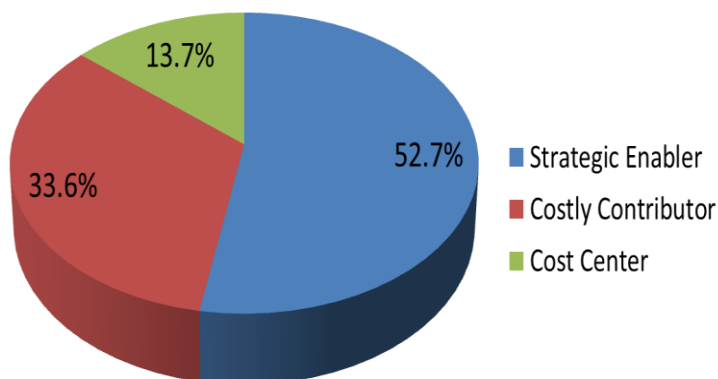
❖ *Strategic Enabler: "Demonstrating the link between our programs and speed, market share, and revenue in such a way that our engineering trained management team will see and believe the link."*

❖ **Costly Contributor: "*The constant pressure for the right level of funding and investment in people. Shifting people from a mindset that everything is about training rather than learning through varied methods.*"**

❖ **Cost Center: "Executive understanding and buy-in are the biggest barriers we face. Budget and lack of staffing to support the learning function are next in line."**

The CLO Role

We asked respondents what the background of the Chief Learning Officer/Learning Executive at their organization was.
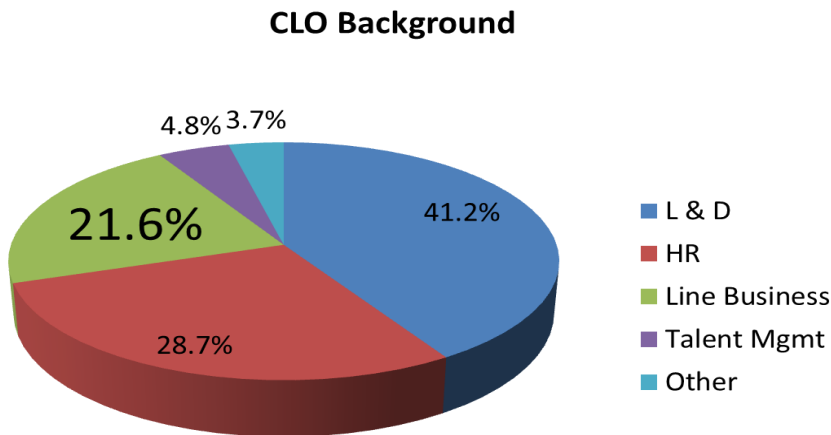
CLO Background

Of total respondents: 9.6% said they had no CLO/Learning Executive at their organization, and 4.3% said they were unsure of the background of their Learning Executive. Of the remaining 519, the majority (69.9%) were from Learning and Development and Human Resources backgrounds, with this caveat; that 3.1% came from a mixed background. Several respondents specifically mentioned the mixed background of their Learning Executive, even though the survey was not designed to ask about mixed background. For instance many said their CLO had experience in both Learning and Development and the Line Businesses, or that their CLO had experience in Human Resources and the Line Businesses.

A hefty 21.6% of CLO/Learning Executives came from the Line Businesses. Less than 5% of respondents report their Learning Executive came from a background in Talent Management.

CLO Reporting Structure
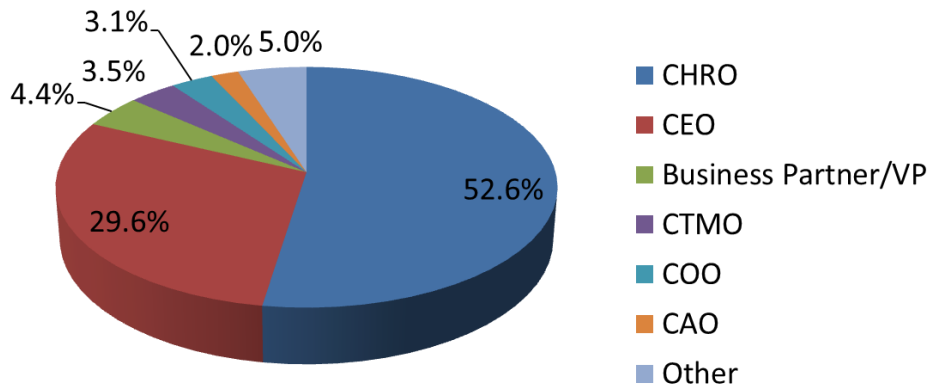
We also asked respondents about the reporting structure for the Learning Executive at their organization. Of total respondents: 9.8% said they had no Chief Learning Officer/Learning Executive at their organization, and 3.5% said they were unsure of the reporting structure for the Learning Executive. Of the remaining 521, the majority report to the Chief Human Resources Officer (52.9%). 29.6% report to the CEO- however an additional 5.1% report to other senior C-suite executives (2% report to the Chief Administration Officer and 3.1% to the Chief Operations Officer). Another 4.4% report to a Senior Business Partner/VP. Only 3.5% report to the Chief Talent Management Officer.

In organizations where the CLO reports to the CEO (rather than HR), the training function is perceived as more important to the success of the business, but the learning function is only slightly more likely to be seen as a strategic enabler, rather than a cost center. In other words, the reporting structure of the Learning Executive may indicate that senior leadership places a high priority on learning, but reporting to the CEO does not seem to make a difference on whether a learning organization is seen as a strategic enabler for the business.

Learning Executive Reports To:	Learning Very or Critically Important: Learning Leaders	Learning Very or Critically Important: Senior Leadership	Gap
Overall	89.9%	66.1%	23.8%
CEO	91.5%	77.3%	14.2%
CHRO	88.2%	65.9%	22.3%

When the CLO reports to the CEO (rather than HR), the learning organization is twice as likely to be delivering training to customers, in addition to internal employees. Organizations where the CLO reports to the CEO are 10% more likely to help the business to increase employee productivity. Organizations where the CLO reports to the CHRO are 15.6% more likely to help the business develop leadership as a key priority.

The Role of the CLO – Practical Advice
- ✓ Be sure that your learning team spends time with their line of business counterparts to understand their business and their issues.
- ✓ Consider upgrading skills in the learning department with business related training or recruiting future learning employees from line of business roles.
- ✓ Examine the reporting structure of the learning organization to see if it sends the right signal about the importance of L&D to senior leadership.

Key Customers of the Learning Function

Which internal departments are key customers for the learning function at your organization? (check all that apply)
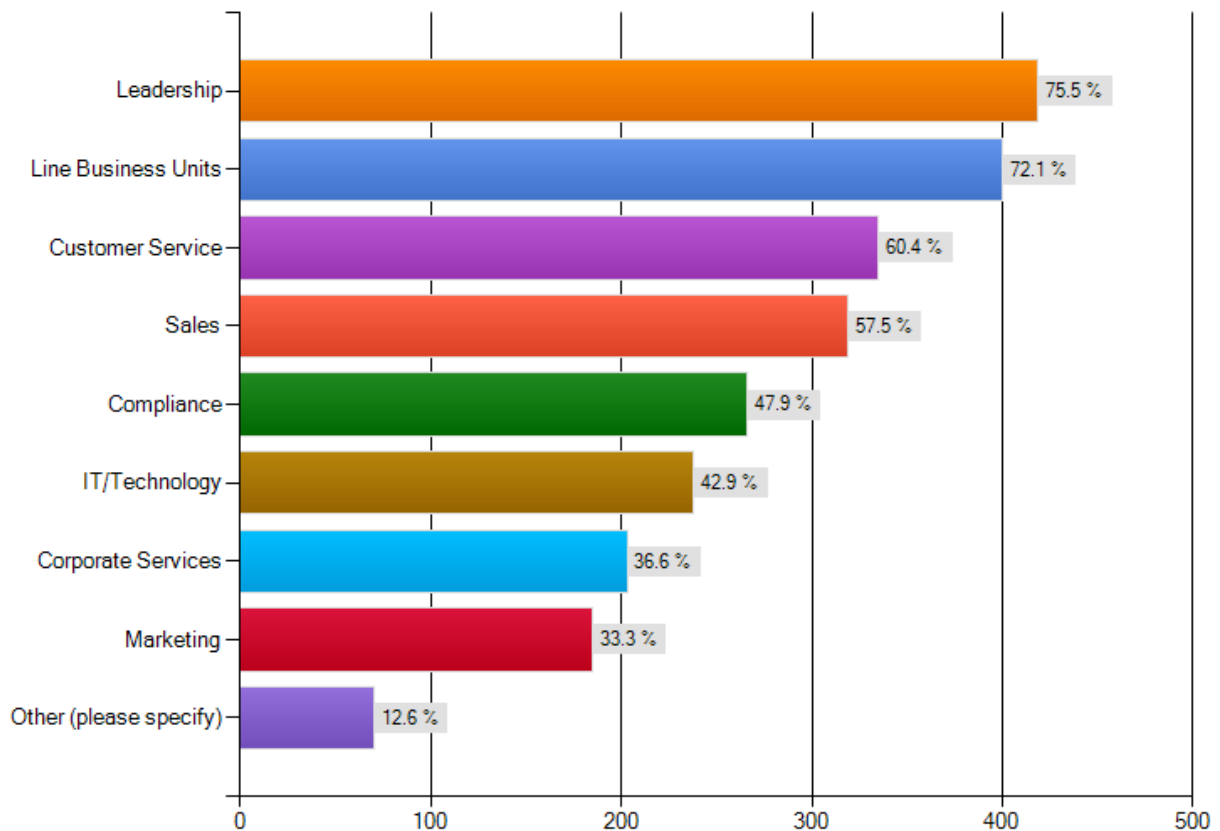
We asked respondents which internal departments are the key customers of the learning function at their organization. The top two answers, by a very wide margin, were Leadership and the Line Business Units. These were followed by Customer Service and Sales, which are key customers for the majority of learning organizations surveyed.

When the CLO is from a background in the Line Businesses, the Line Businesses are more likely to be a key customer (79.5%), with leadership second at 74.4%, and Sales moves into the Top 3 at 66.7%

When the CLO is from Learning and Development, Leadership is the top key customer at 76.8%, with Line Business Units second at 71.9%, and Customer Service third at 61.1%.

When the CLO is from HR, Leadership is the key customer at 77.4%, with Line Business units second at 75.9% and Customer Service third at 56.9%. .

Which internal departments are key customers for the learning function at your organization? (check all that apply)

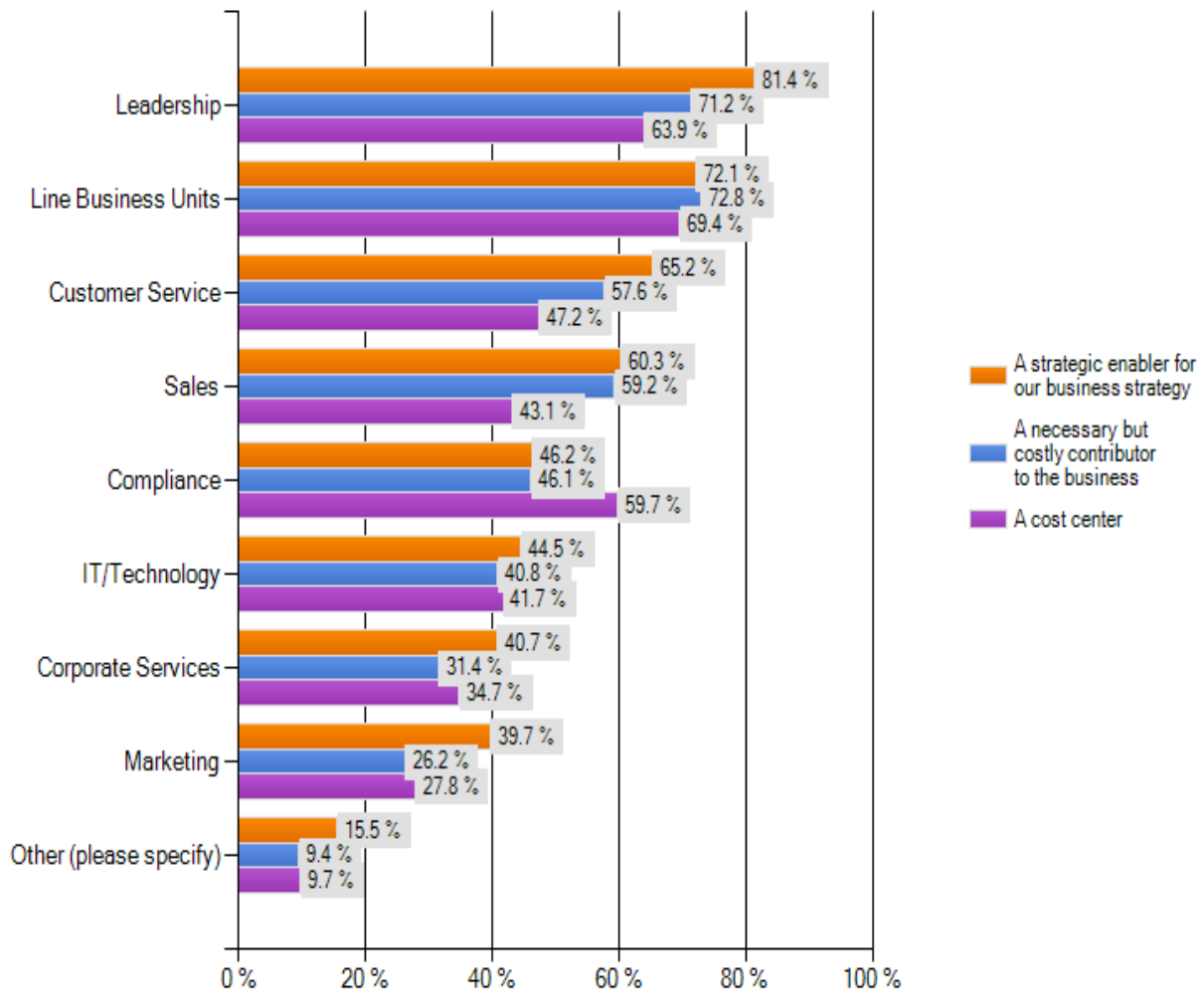| Department	A strategic enabler for our business strategy	A necessary but costly contributor to the business	A cost center
Leadership	81.4 %	71.2 %	63.9 %
Line Business Units	72.1 %	72.8 %	69.4 %
Customer Service	65.2 %	57.6 %	47.2 %
Sales	60.3 %	59.2 %	43.1 %
Compliance	46.2 %	46.1 %	59.7 %
IT/Technology	44.5 %	40.8 %	41.7 %
Corporate Services	40.7 %	31.4 %	34.7 %
Marketing	39.7 %	26.2 %	27.8 %
Other (please specify)	15.5 %	9.4 %	9.7 %

When you look cut the key customer data by alignment maturity, it is very clear that the organizations identified as strategic enablers are more likely to have a greater number of key customers. Strategic enablers are more likely to have every internal department we asked about as a key customer, except compliance, where they are notably 13.5% less likely than cost centers to have compliance as a key customer of the learning function.

We also asked respondents which of their internal customers were the most challenging to serve, and why. Three internal customer groups take the lion's share, totaling more than 71%:
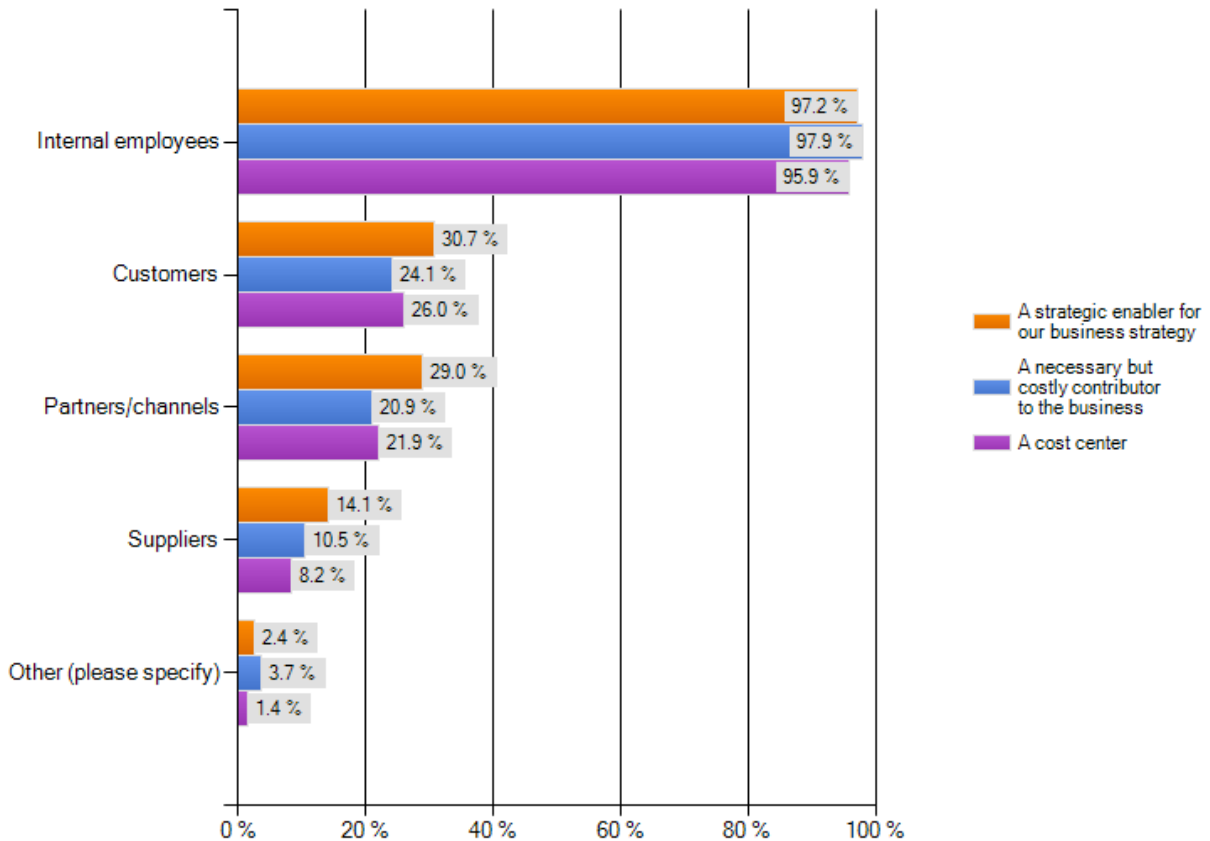
- **Sales** *(24.2%)*
  - Employees too busy (81%)
  - Difficulty measuring impact (32%)
  - Content needs frequent updating (27%)
  - The scale of training delivery (26%)
- **Line Business Units** *(24.2%)*
  - Employees too busy (77%)
  - Difficulty measuring impact (52%)
  - Content needs frequent updating (37%)
  - The scale of training delivery (36%)
- **Leadership** *(23.1%)*
  - Employees too busy (69%)
  - Difficulty measuring impact (40%)
  - Difficult to secure funding to develop training (29%)
  - The scale of training delivery (20%)

❖ *"They don't think they need it."*
❖ *"Sales people located across the country."*
❖ *"Sales says they have no time."*
❖ *"Content & Learning Objective customization for different accounts within each line of business."*
❖ *"The speed at which training needs to be provided to stay up with challenges."*
❖ *"Leaders don't believe they need training; it's for other people."*
❖ *"Preference for making quick money. Perceived as time consuming even though necessary."*

There is some variation in this data by geographic distribution. For global organizations Sales and Line Business Units are more challenging than Leadership (by 7-8%). For everyone else the order is Leadership, Line Business Units, Sales.

Finally, we asked respondents to what degree their learning organization is delivering training beyond their internal employees. In particular, we asked them to what degree they are delivering training to their customers, partners/channels and suppliers. According to the survey results, one in four learning organizations is delivering training beyond their own company employees. An unsurprising 97.3% of learning leaders surveyed reported that they deliver training to their internal employees. 27.8% report they deliver training to their customers. 25.3% deliver training to the partners/channels for their organization. 12.1% deliver training to suppliers for their organization.

When comparing the alignment maturity of organizations to groups they are delivering training to, it's clear that organizations that are strategic enablers have expanded the scope of training delivery at their organization well beyond their internal employees. In particular, strategic enablers are 7-8% more likely to be delivering training to the partners/channels for their organization. They are also more likely to deliver training to their customers and their suppliers, though not by a large margin.

The learning and development function at my organization delivers training to the following groups: (check all that apply)

Group	A strategic enabler for our business strategy	A necessary but costly contributor to the business	A cost center
Internal employees	97.2 %	97.9 %	95.9 %
Customers	30.7 %	24.1 %	26.0 %
Partners/channels	29.0 %	20.9 %	21.9 %
Suppliers	14.1 %	10.5 %	8.2 %
Other (please specify)	2.4 %	3.7 %	1.4 %

In general, the more globally distributed companies are more likely to be delivering training outside their employee base. For example, 37.7% of global companies report they deliver training to their customers, while 21.3% of local companies do. 34% of global companies report they deliver training to their partners/channels, while only 23.1% of local companies do. 15.1% of global companies report they deliver training to their suppliers, while only 6.5% of local companies do. However, in the "other" field, local companies are more likely to be delivering training to outside the box people: 6.5% for local companies, 1.9% for global. Some of the "Other" answers included: charities, NGO's, volunteers, regulatory agencies, alumni, public policymakers. This suggests two things. First, local companies are more likely to be imbedded in communities where they would deliver training as a key differentiator in their local context. Second, local companies, being smaller and more entrepreneurial, may be more likely to innovate in groups they are delivering training to.

The background of the CLO/Learning Executive may also influence whether a learning organization is delivering training beyond their internal employees. When the CLO comes from the line business, an organization is more likely to be delivering training beyond internal employees, particularly to suppliers.

Learning Delivery by CLO Background

CLO Background	Suppliers	Partners/Channels	Customers
Line Business	17.9%	32.1%	33.3%
Learning & Dev	9.2%	28.6%	29.7%
Human Resources	9.5%	17.5%	19.0%
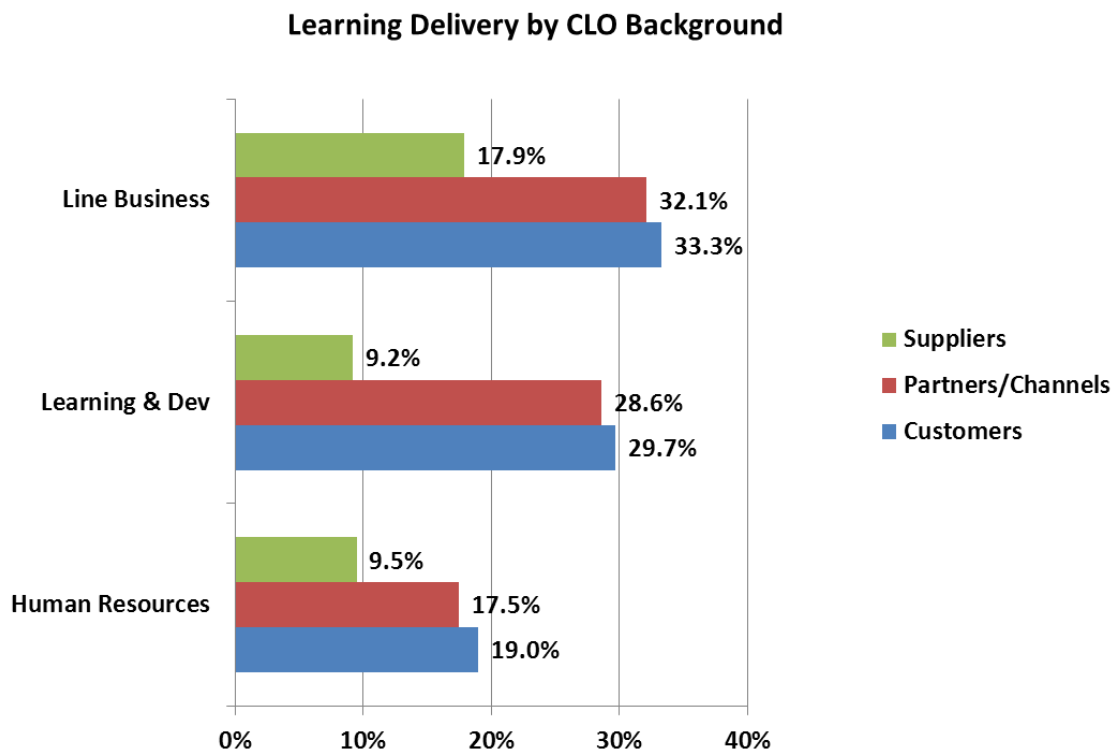
Key Customers – Practical Advice
- ✓ Understand the key drivers of the business and the industry
- ✓ Determine the highest impact areas for your organization and align to them.
- ✓ Adapt learning strategy to focus on making an impact in key areas.
- ✓ Look beyond internal employees for groups your organization could deliver training to, in order to increase the business impact of the learning organization.

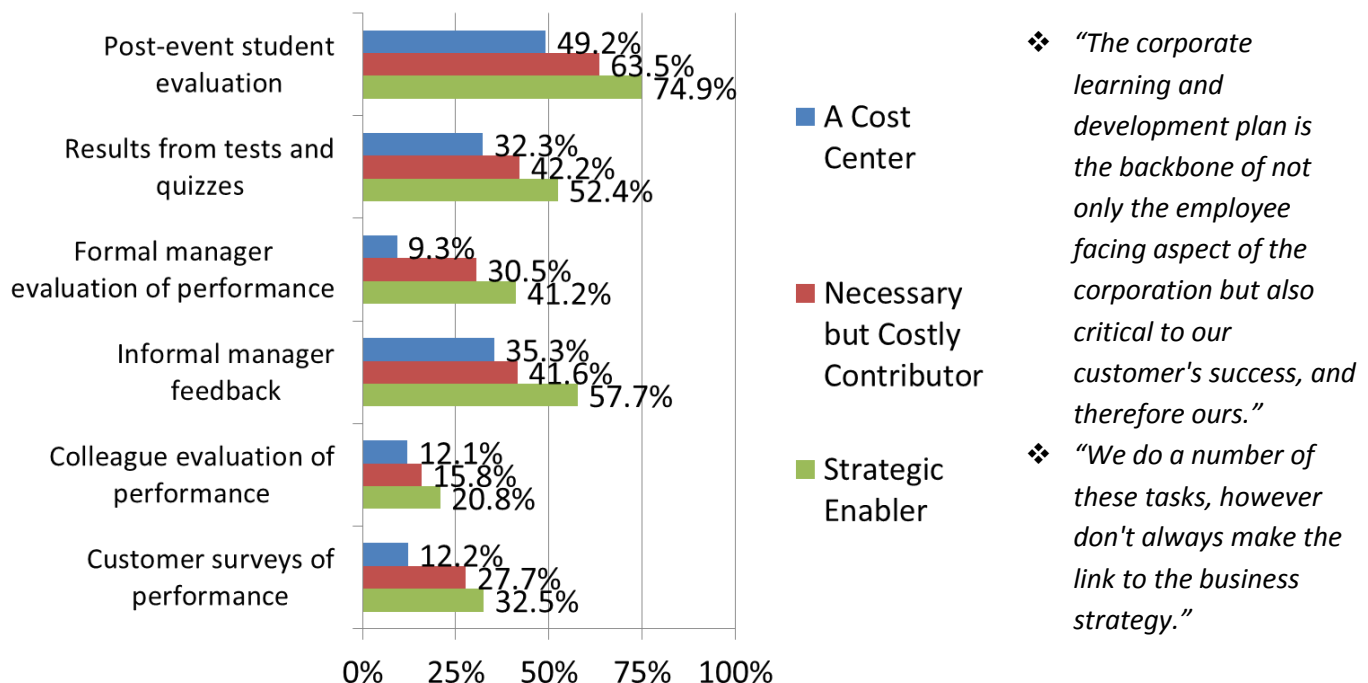# The State of the Industry- Learning Alignment

Alignment Approaches

In the next section of the survey we asked learning leaders to what extent learning is aligned with the business at their organization, and what approaches they use to align learning to the business. When we asked participants if their organization's training and development programs were directly aligned with the business strategy, 82.3% of them answered agree or strongly agree. When we asked them what percentage of their organization's training programs were aligned with the business strategy, the aggregate average was 75.8%. Given that only 52.7% reported they were perceived as strategic enablers, these numbers seemed surprisingly high.

Approaches Used to Increase Alignment	Response Percent
Post-event student evaluation	67.9%
Formal learning/training requirements planning.	58.3%
An annual process of mapping the learning strategy to the business strategy for the year, that incorporates requests from the line businesses.	50.6%
Informal manager or supervisor feedback on relevance of training to employee performance	49.0%
Comparison between corporate strategy and current course offerings and curricula	48.7%
Results from tests and quizzes	46.5%
Observation of objective measures of employee performance following program completion (e.g. Reduction of errors, growth of customer accounts, etc.)	37.7%
Formal manager evaluation of employee job performance following program completion.	33.7%
Customer surveys of employee/company job performance after program completion	28.3%
A learning advisory board with members from the business and the learning function.	27.1%
Colleague evaluation of job performance following completion	17.9%

One possible conclusion to draw here is that many learning leaders may believe that they have done the work of aligning training to the business strategy, yet the business has not

recognized them as strategic enablers. At this point in the analysis, the question became, what do our respondents think learning alignment means? In order to understand this, we took a closer look at the data around approaches to increasing learning alignment. However, the raw aggregate data doesn't yield much insight. In the table above, you can see that many of the more rigorous methods to align training to the business, such as objective measures of employee performance and using a learning advisory board with members from the business are in use by a relatively small percentage of organizations, less than 40%. Even the less rigorous methods, like post-event student evaluation and formal learning/training requirements planning are not in use by 82% of respondent's organizations. Only 50% of organizations report they have an annual process of mapping the learning strategy to the business strategy for the year.

In an effort to gain clarity on this question we cut the data by alignment maturity and discovered that learning organizations that were perceived as strategic enablers were not just slightly, but dramatically more likely to use *every* approach to increase the alignment of learning with the business. Strategic enablers are more than 30% more likely to use formal learning requirements planning, a comparison between corporate strategy and the curriculum and an annual process of mapping the learning strategy to the business strategy.

❖ *"The corporate learning and development plan is the backbone of not only the employee facing aspect of the corporation but also critical to our customer's success, and therefore ours."*

❖ *"We do a number of these tasks, however don't always make the link to the business strategy."*

Observation of objective performance measures
- 22.7%
- 30.9%
- 46.1%

Formal learning requirements planning
- 34.9%
- 53.3%
- 66.8%

Comparison between corporate strategy & curriculum
- 20.9%
- 40.0%
- 61.3%

Learning advisory board
- 9.0%
- 19.9%
- 36.3%

Annual process of mapping learning strategy to business strategy
- 22.7%
- 38.0%
- 65.5%

Legend:
- A Cost Center
- Necessary but Costly Contributor
- Strategic Enabler

0% 25% 50% 75% 100%

❖ *"Use of a comparison control group to measure impact."*
❖ *"Are forming a learning council now to be launched in the next couple of months."*
❖ *"Enterprise level Talent board is key to the business/L&D alignment."*
❖ *"Monthly/quarterly demand planning meetings with senior managers to align learning to strategies."*

Learning Alignment Approaches- Practical Advice
- ✓ The three distinguishing learning alignment approaches of Strategic Enablers are:
  - ❖ Formal learning requirements planning
  - ❖ A comparison between corporate strategy and the curriculum
  - ❖ An annual process of mapping the learning strategy to the business strategy
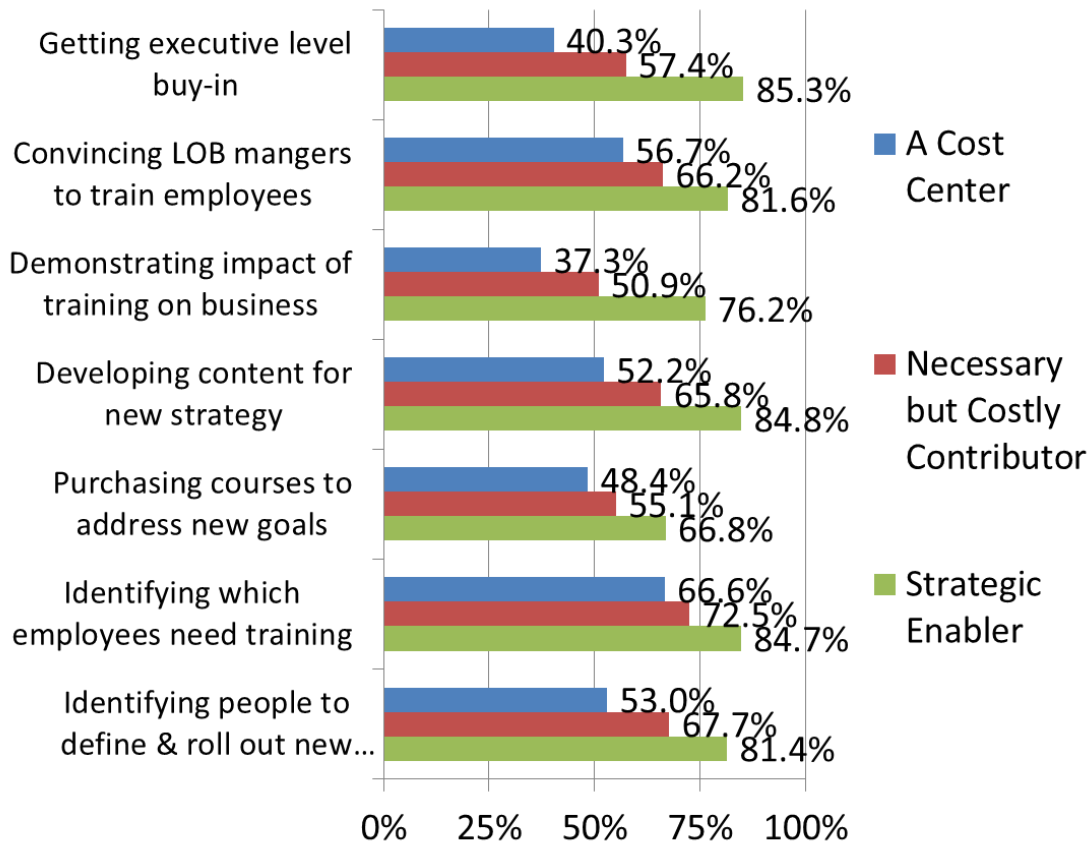
Alignment Challenges

We also asked respondents how much experience they have in facing the challenges associated with increasing the alignment of learning with the business. A very robust 70+% reported that they had either been facing these challenges for years or were in the process of doing them. This is particularly true of challenges that have traditionally fallen under the Learning and Development umbrella, such as developing content, identifying which employees to train, and convincing line of business management to train their employees. Notably fewer organizations say that they have been or are in the process of demonstrating the impact of training.

Alignment Challenges Faced by Learning Organizations	We've been doing it or are in the process of doing it
Identifying which employees need to be trained in the new strategy	77.8%
Developing content to reflect the new strategy	74.1%
Convincing line of business management to train their employees	73.0%
Identifying people who could help define and roll out the new training strategy	72.9%
Getting executive level buy-in to change the training curriculum	70.3%
Demonstrating the impact that successful training could have on the new strategy	62.2%
Purchasing courses to address the new goals and objectives	60.2%

When we cut the data on alignment challenges by alignment maturity, the same clear trend emerged. Organizations that were perceived as strategic enablers were dramatically more likely to have been facing these challenges or be in the process of facing these challenges. Strategic enablers are:

- 45% more likely to have been getting executive level buy-in
- 38.9% more likely to having been demonstrating the impact of training on the business
- 24.9% more likely to have been convincing line of business managers to train their employees.

Chart data:

Category	A Cost Center	Necessary but Costly Contributor	Strategic Enabler
Getting executive level buy-in	40.3%	57.4%	85.3%
Convincing LOB mangers to train employees	56.7%	66.2%	81.6%
Demonstrating impact of training on business	37.3%	50.9%	76.2%
Developing content for new strategy	52.2%	65.8%	84.8%
Purchasing courses to address new goals	48.4%	55.1%	66.8%
Identifying which employees need training	66.6%	72.5%	84.7%
Identifying people to define & roll out new…	53.0%	67.7%	81.4%

Business Impact of the Learning Function

We next asked respondents which business impacts their learning organization helps their organization to achieve. What is notable, but perhaps not surprising, is that the more rigorous business impacts, like increasing revenue, increasing market share and increasing speed to market are used less frequently than some of the softer measures like developing leadership and increasing employee engagement.

In general, the more geographically distributed the company, the more likely they are to have been making the hard business impacts (increasing speed to market, revenue, increasing market share, improving channel effectiveness); sometimes more than twice as likely.

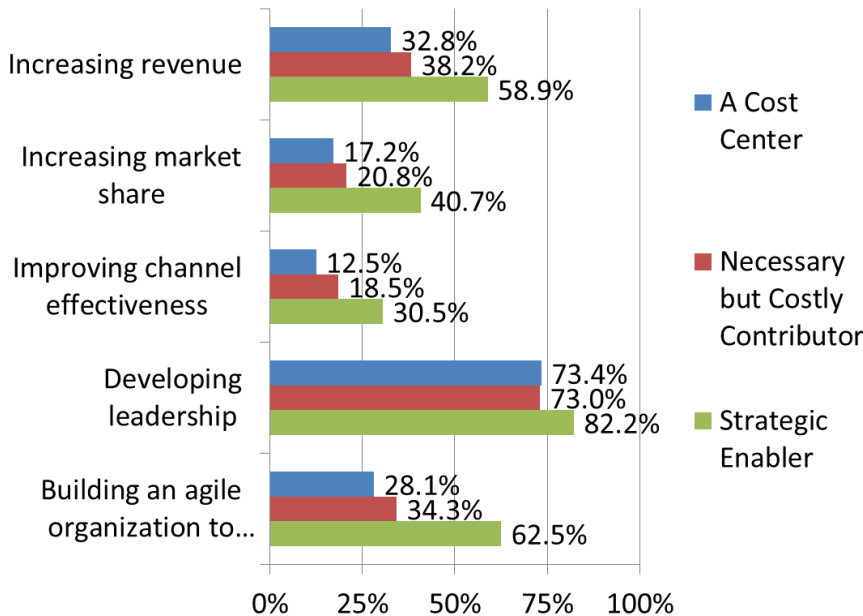| Business Impact	Response Percent
Increased employee productivity	81.6%
Developing leadership	77.9%
Increased employee engagement	77.0%
Increased employee retention	65.6%
Reducing risk	59.6%
Building an agile organization to quickly adopt to change	48.7%
Increasing revenue	48.5%
Increasing market share	30.9%
Increasing speed to market	27.7%
Improving channel effectiveness	24.2%

❖ *"It's a great recruiting tool; new hires are very interested in learning and development opportunities."*

When we cut the data on business impact by alignment maturity, the same robust trend was in evidence. Learning organizations perceived as strategic enablers were much more likely to report that they had been helping the business achieve the business impacts we asked about. This was particularly evident for the more rigorous measures, like increasing market share, where strategic enablers were twice as likely as everyone else to have been creating this business impact.
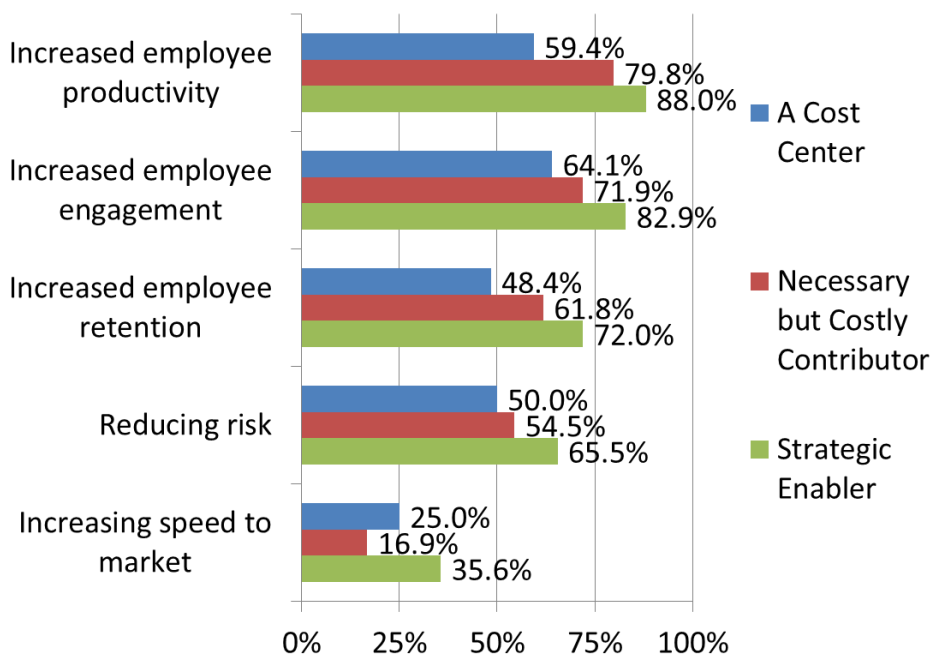
❖ *"Business results are hard to measure because of so many other efforts. Our focus is leadership and professional development. I would like to make a case that strong, well-prepared, well-trained, highly engaged employees impact the bottom line."*

Chart legend:
- A Cost Center (blue)
- Necessary but Costly Contributor (red)
- Strategic Enabler (green)

Category	A Cost Center	Necessary but Costly Contributor	Strategic Enabler
Increasing revenue	32.8%	38.2%	58.9%
Increasing market share	17.2%	20.8%	40.7%
Improving channel effectiveness	12.5%	18.5%	30.5%
Developing leadership	73.4%	73.0%	82.2%
Building an agile organization to…	28.1%	34.3%	62.5%

❖ *"Reducing cost and operational excellence; cultural engagement and understanding (adaptability)"*

❖ *"Improving inter-departmental communication and cooperation."*

Business Impact of the Learning Function – Practical Advice
- ✓ Have a real impact focus on the hard areas.
  - ❖ What business impacts are included in your measurement strategy? Do they include rigorous business metrics?
  - ❖ Find the opportunities to measure impact with greater rigor in your organization and make the case for learning to senior leadership.
- ✓ Clearly define what success looks like for the learning organization.
- ✓ Prioritize resources to support high impact areas.

Opportunities for Business Impact

We also asked respondents where they saw the greatest opportunity for learning organizations to make an impact on the business. After building an agile organization, which was the top answer, learning leaders see the greatest opportunity for business impact in the more rigorous measures.

Where learning leaders see the opportunity for the learning organization to make a business impact	Response Percent
Building an agile organization to quickly adopt to change	45.2%
Increasing revenue	37.8%
Increasing market share	36.6%
Improving channel effectiveness	34.0%
Increasing speed to market	33.1%
Increased employee retention	29.6%
Developing leadership	27.2%
Reducing risk	24.6%
Increased employee engagement	24.3%
Increased employee productivity	23.4%

Opportunities for Business Impact – Practical Advice
- ✓ The number one opportunity to create business impact is to use learning to support organizational agility.
    - ❖ Understand key areas of your business where employees need to increase agility to respond to change.
    - ❖ Research new types of technologies or new approaches to drive better agility.
- ✓ Increase clarity at your organization about how learning contributes to business success, especially around key performance indicators used by the lines of business.

Learning Measurement in Practice

This data, taken from the CLO magazine Assessment and Measurement annual survey, completed in January 2012, shows a more detailed look into the measurement practices of learning organizations. Only 50% of organizations agree that their measurement and metrics are fully aligned with the learning strategy. Just over half, 54% measure external learning customers' satisfaction. 39% externally benchmark their measurement and metrics practices. 77% of learning organizations report that they do measure internal learning customers' satisfaction.
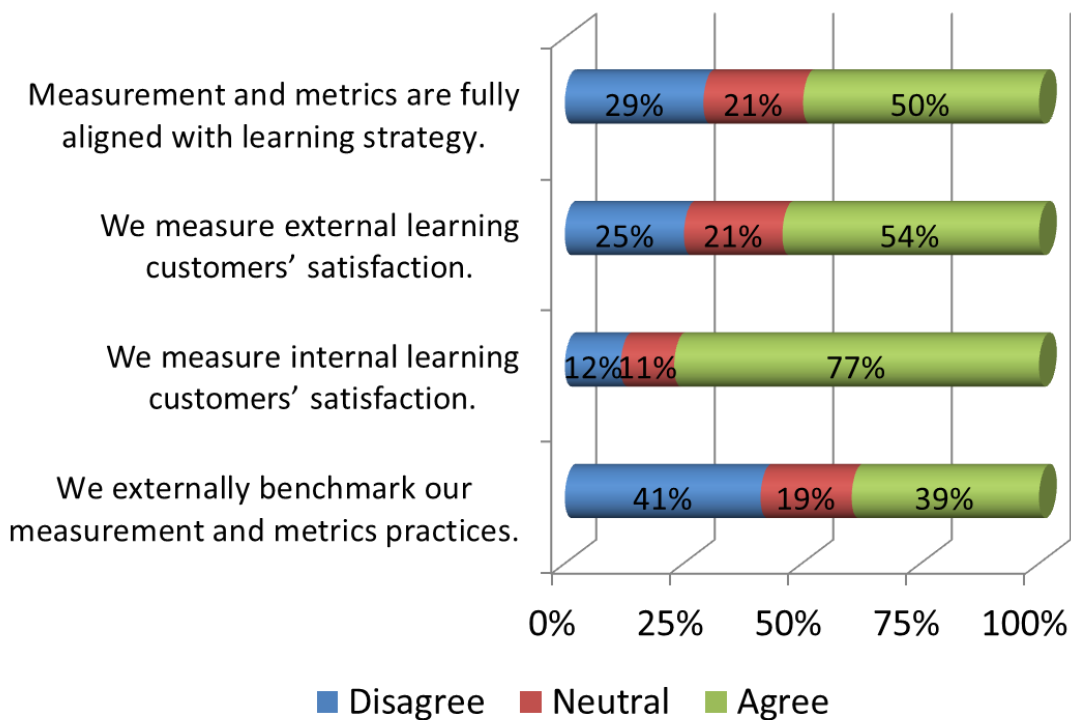
When asked what evidence is reported to the organization about the impact of training, most of the measures commonly used are throughput data, often aligned with corporate initiatives, as well as things like student satisfaction. Much less commonly used are harder measures like employee performance data, or ROI.

Evidence learning leaders provide of Training Impact

Metric	Percentage
General training output data	77%
Training output data aligned with corporate initiatives	65%
Student/stakeholder satisfaction (with training) data	61%
Business impact	44%
Planned to actual budget, expense, revenue data for training group	40%
Employee performance data (employees performing desired activities)	38%
Employee engagement	37%
Customer/stakeholder satisfaction (with company) data	32%
ROI measures (return on investment)	20%
NONE: We do not report results to company executives	6%

When you compare all the measures and metrics that learning organizations use, it becomes very obvious that the least commonly used metrics are those which are the most rigorous in terms of business impact. They are both harder to isolate the impact of training on and more valuable when that impact is isolated and measured. When asked what the most valuable metrics are for managing training, the top three answers are:
1. Business Impact (27.4%)
2. Employee performance data (17.7%)
3. Training output data aligned with corporate initiatives (16%)

Most Commonly Used Metrics

	Already do it	Plan within 12 months
Employee response to training.	85%	5%
Overall customer satisfaction.	59%	13%
Employee engagement.	52%	19%
Increase in employee knowledge or intellectual capability.	52%	21%
Overall business performance.	48%	17%
Product or service quality.	47%	14%

■ Already do it   ■ Plan within 12 months

Least Commonly Used Metrics

	Already do it	Plan within 12 months
Employee retention.	42%	13%
Other organizational key performance indicators.	42%	17%
Employee productivity.	35%	23%
Sales.	30%	9%
Formal return on investment for learning/training.	23%	16%
Employee chargeability/billability.	16%	8%
Net promoter score.	15%	7%

■ Already do it   ■ Plan within 12 months
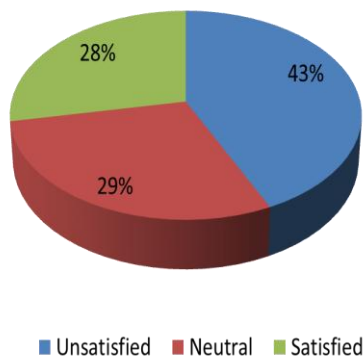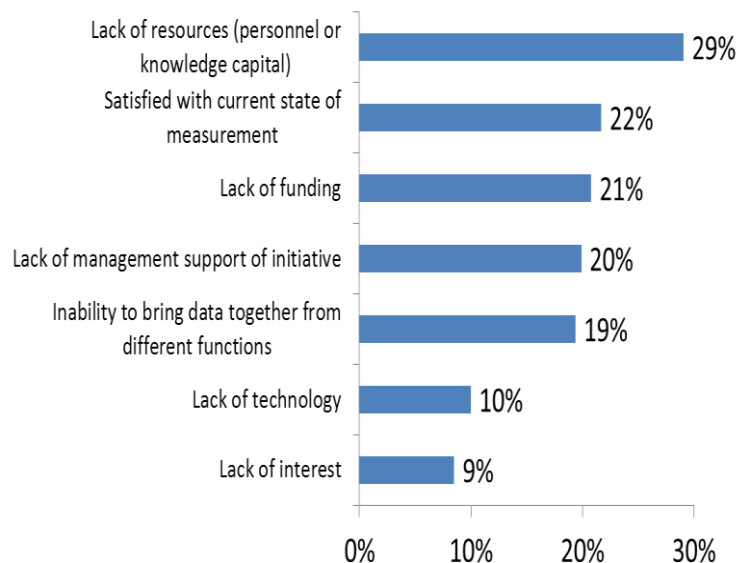
This is not, however, a state of affairs with which learning leaders are satisfied. When asked about their satisfaction with the extent of their current training measurement, 43% report that they are unsatisfied and only 28% report they are satisfied. When asked about the barriers to more rigorous measurement of training impact, nearly one in three organizations report a lack of resources, of either personnel or knowledge capital.

Satisfaction with extent of current training measurement

- 43% Unsatisfied
- 29% Neutral
- 28% Satisfied

What are the barriers to more rigorous measurement of training impact?

Barrier	Percentage
Lack of resources (personnel or knowledge capital)	29%
Satisfied with current state of measurement	22%
Lack of funding	21%
Lack of management support of initiative	20%
Inability to bring data together from different functions	19%
Lack of technology	10%
Lack of interest	9%

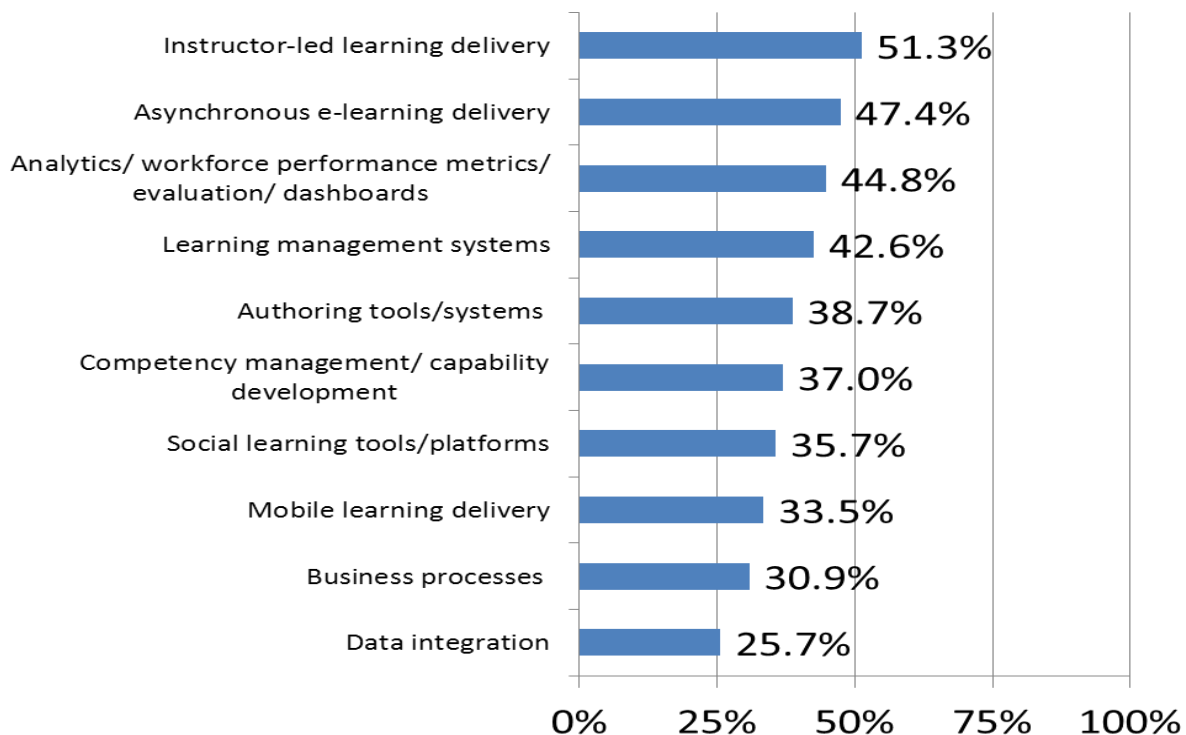Learning Measurement in Practice – Practical Advice
- ✓ Find ways to grow/develop business analytics capabilities in learning.
- ✓ Measure high impact business areas.
- ✓ Align training output data with corporate initiatives.
- ✓ Draw the line between corporate strategy, learning strategy and measurement strategy.

Learning Technology Trends

This data, taken from the CLO magazine Learning Technologies annual survey, completed in May 2012, shows a more detailed look into the trends for learning technologies in the next year. Often technologies present opportunities to solve many of the challenges facing learning organizations, whether through increased reach or efficiency. When we asked learning leaders who their most challenging customers were, the answers were Sales, Line Business Units and Leadership. When we asked them what factors made these internal customers challenging, there was remarkable consistency in the answers, no matter who the customers were. The top four answers were:

- Employees too busy
- Difficulty measuring impact
- Content needs frequent updating
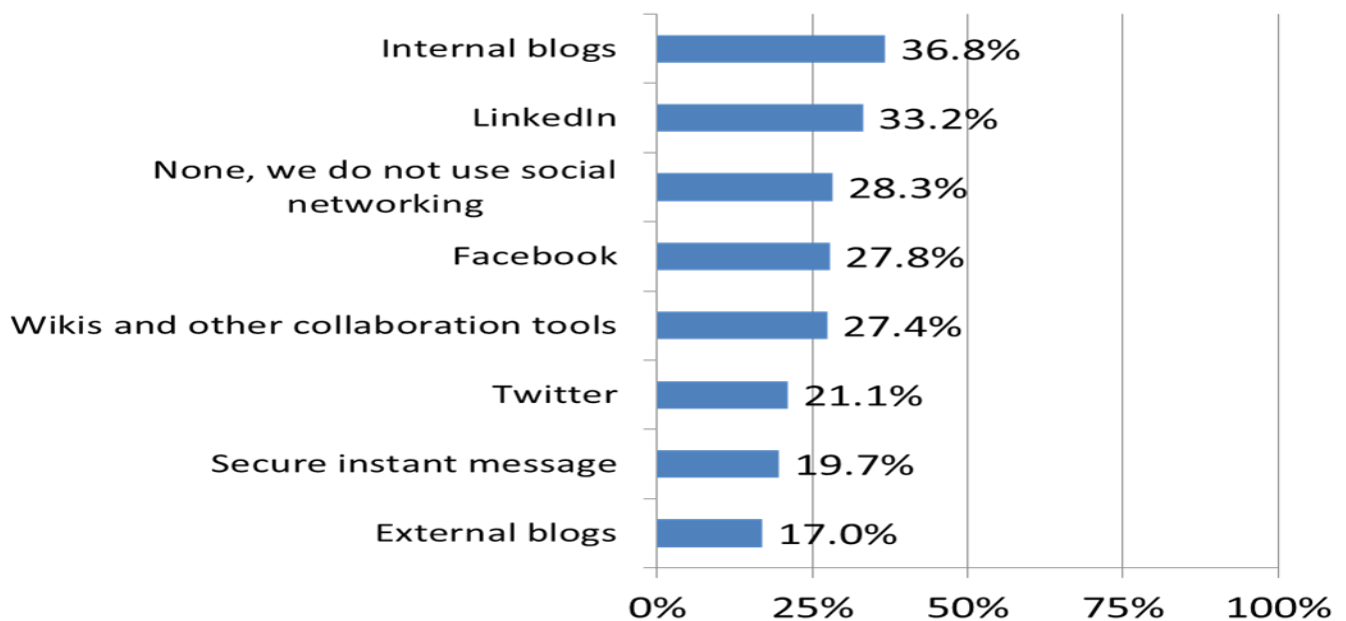- The scale of training delivery

Anticipated areas for Learning Technology spending in 2013

Area	Percentage
Instructor-led learning delivery	51.3%
Asynchronous e-learning delivery	47.4%
Analytics/ workforce performance metrics/ evaluation/ dashboards	44.8%
Learning management systems	42.6%
Authoring tools/systems	38.7%
Competency management/ capability development	37.0%
Social learning tools/platforms	35.7%
Mobile learning delivery	33.5%
Business processes	30.9%
Data integration	25.7%

All four of these challenges can be at least partially addressed by investments in learning technologies. When we look at where learning leaders are looking to make investments in learning technologies this year, many of these areas map to the challenges posed by their internal customers. Analytics and dashboards as well as investments in data integration can help learning organizations to measure the impact of learning. Investments in social learning tools and mobile learning delivery can bring learning in shorter modules to busy employees who can take training when it's convenient. Investments in asynchronous eLearning delivery and learning management systems can help learning organizations deliver training at scale to geographically dispersed audiences.

In a similar vein, we see the use of social networking technologies in use for learning growing every year.

Social Networking Tools Used for Learning

Tool	Percentage
Internal blogs	36.8%
LinkedIn	33.2%
None, we do not use social networking	28.3%
Facebook	27.8%
Wikis and other collaboration tools	27.4%
Twitter	21.1%
Secure instant message	19.7%
External blogs	17.0%

Learning Technologies – Practical Advice
- ✓ Which learning technologies can help you address the challenges posed by your key internal customers?
- ✓ Examine your learning technology investments to maximize impact on the organization.

Barriers to Becoming a Strategic Enabler (Qualitative Analysis)

The following qualitative analysis was performed on 311 responses to the question: What are the barriers to the learning function becoming a strategic enabler for the business at your organization?

Challenges Facing Strategic Enablers

These comments were made by respondents who report that learning is seen as a strategic enabler at their organization.

1. **Getting buy in across multiple business units and leadership levels and employees themselves**: Strategic enablers see a lot of nuance in the mission to educate the organization and their leadership about the value of learning.
   - *Creating a culture of employee development starting with senior leadership.*
   - *The lines of businesses are spread out in to sub-lines and accounts across multiple geographies. The same amount of collaboration is not possible across all of these accounts as some key account leaders see L&D as more tactical or short-term strategic than a long-term strategic partner. Our Business facing team is trying to change this perception.*
   - *Silos. Some business units get it and others want us to stay out. The trick is leveraging the unit leaders successes when they do partner.*
   - *It is a continuous process to educate and involve senior leaders (get them interested) in the process. Most understand the importance, but other issues take their attention and they take for granted that that the right decisions about how to utilize learning resources are being made by their delegates.*

2. **Moving from reactive to proactive approach**: Strategic enablers see the necessity of making the case for learning and acting proactively to get involved at the beginning of the strategic process, of "moving from a reactive to a proactive mode."
   - *There are none providing a good business plan and business case are made.*
   - *Moving from a reactive to proactive mode.*
   - *The tendency to knuckle under when facing resistance from the "customer" to do training right.*
   - *Not being involved from the beginning of a strategic vision and having to play catch up later.*
   - *Top one: collecting and demonstrating empirical data to make a solid case for the value I create.*

3. **Keeping up with the pace of change:** Once learning is aligned with the business strategy, it's necessary to keep re-aligning it. Also challenging is that the business itself may have a less than clear strategy.
   - *aligning to ever changing cust needs and industry environment, delivery and follow up*

- *Clear definition of overarching performance expectations for strategic focus areas.*
- *speed at which we can renew the learning curriculum aligned to business needs and delivery the solutions; finding non-classroom approaches to get learning to employees at the moment of need*
- *Business strategy itself sometimes is not clear enough.*

4. **Time and Resources:** Even for strategic enablers, it can still be challenging to compete for employees' time with the demands of the business. It is also challenging to secure funding, even when leadership is convinced of the value.
   - *Managers continue are increasingly seeing time for training as a barrier. They are looking to cut training times by 50% or more. We are challenges to get the same or improved outcomes with reduced attention to training.*
   - *Education is sometimes seen as taking away from "selling" time.*
   - *Inconsistent labor strategy and continuous cost reduction.*
   - *Funding of initiatives /ideas is largest barrier. Even when Senior Level Leadership is willing, carving out the dollars to support has fallen short of need -- more on the employee side of the house. Customer needs are most likely to be funded.*

Barriers to Being a Strategic Enabler – Practical Advice
- ✓ Make the case for learning at all levels of the organization, and for all levels of management.
  - ❖ Convince employees their time will be well spent in training.
  - ❖ Convince middle managers they will see the performance difference.
- ✓ Move from reactive to proactive. Get involved at the beginning of the strategic process.
- ✓ Create a process to continuously re-align the training strategy with the business as priorities change.

Challenges for Organizations Perceived as Cost Centers

These comments were made by respondents who reported that the learning function is seen as a cost center at their organization.

1. **Securing Leadership and Management Buy-in:** Organizations that reported learning was perceived as a cost center report serious challenges in getting buy-in from management about the value of learning.

- *Lack of senior mgmt interest. Training is viewed as a cost so they have only a few people scattered around the company for appearance only*
- *Lack of leadership support including budget*
- *Leadership speaks highly of the learning function however does not back up their words with action or support. They do not fully understand the benefits of a solid and well skilled learning department.*
- *Understanding within the business verticals and with Sr. Mgmt on the contribution made and that can be made by the training organization. Don't have a seat at "the table" when it comes to strategy development.*
- *Because the cost is now and the potential benefits are later, it's very hard to convince to invest.*

2. **Learning function perceived as low value/cost center:** Respondents report that the learning function has a very low value and priority across the organization.
   - *Cost - there is no value placed on our function given that we don't produce revenue and only represent a cost to the corporation. There is a mistaken belief that anyone can do what we do and that most of what we do could be outsourced/done by less costly labor/not done at all.*
   - *Training is really viewed at a check the box mentality*
   - *Learning is seen as a cost center and as time spent away from the employee's primary job that may or may not provide adequate return on investment. Additionally, shrinking learning budgets, and increasing learning vendor costs results in diminished ability to serve critical business learning functions.*
   - *primarily the perception of the L&D function by the senior leaders*

3. **Leadership of the Learning Function:** Respondents report that there is a lack of leadership of the training function; that learning leadership hasn't stepped up to make the case for training as a strategic enabler.
   - *Traditionally the training requests have been reactive and transactional in nature. Need to change the skills of L&D to be more consultative and for the business to be open to other alternatives to solving "business issues"*
   - *ownership of the function and commitment at all levels*
   - *Not having a forward-thinking and strategic HR leader that has not communicated the value of the learning function nor budgets dollars to enable the learning function to offer what is needed for just in time employee development. This organization is so behind the times.*

4. **Time & resources for learning staff:** Respondents report they are understaffed and overextended.
   - *Time, currently the CLO position does the help desk, troubleshooting, training, and instructional design for about 450 employees. There isn't much time for getting learning modules completed and posted to the LMS.*
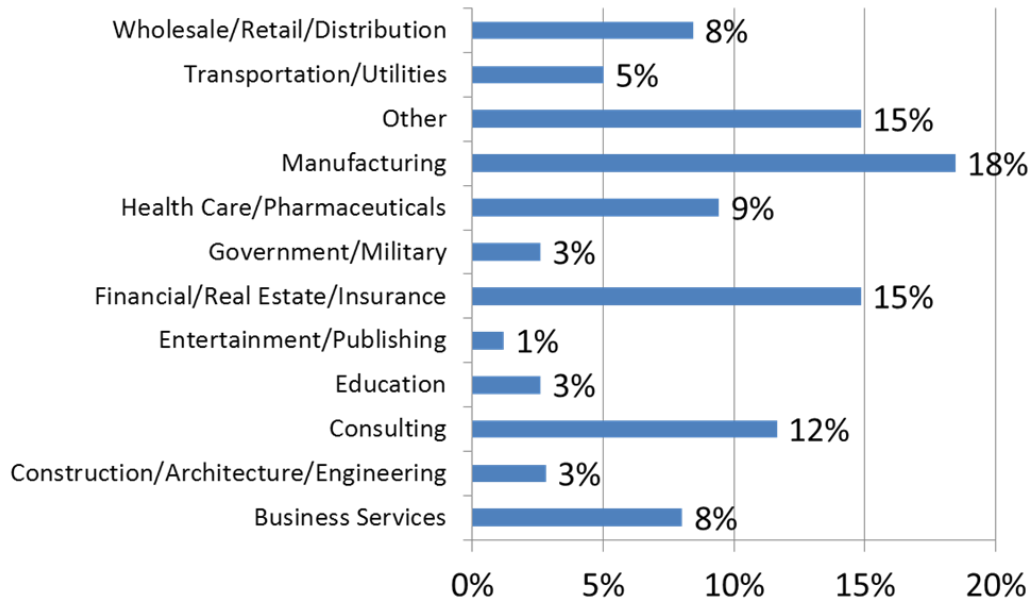

- *Being a cost center, and in HR, we are always behind the curve in staffing L&D to an appropriate headcount ratio. Same for funding.*
- *Cost - there is no value placed on our function given that we don't produce revenue and only represent a cost to the corporation. There is a mistaken belief that anyone can do what we do and that most of what we do could be outsourced/done by less costly labor/not done at all.*

5. **Competing for employee's time with business concerns:** Respondents report difficulty competing for employee's time with other pressing business demands.
   - *Pressure on our employees to meet utilization targets. Every hour spent in training is one less hour they can charge the client.*
   - *competing business demands. employees bill clients so there is a tradeoff when they are sitting in a classroom and not generating revenue.*
   - *competing for learner's time*
   - *Location of employees all over US. Ability to access online learning while running a business. Content developed to meet needs of diverse employees and job processes.*

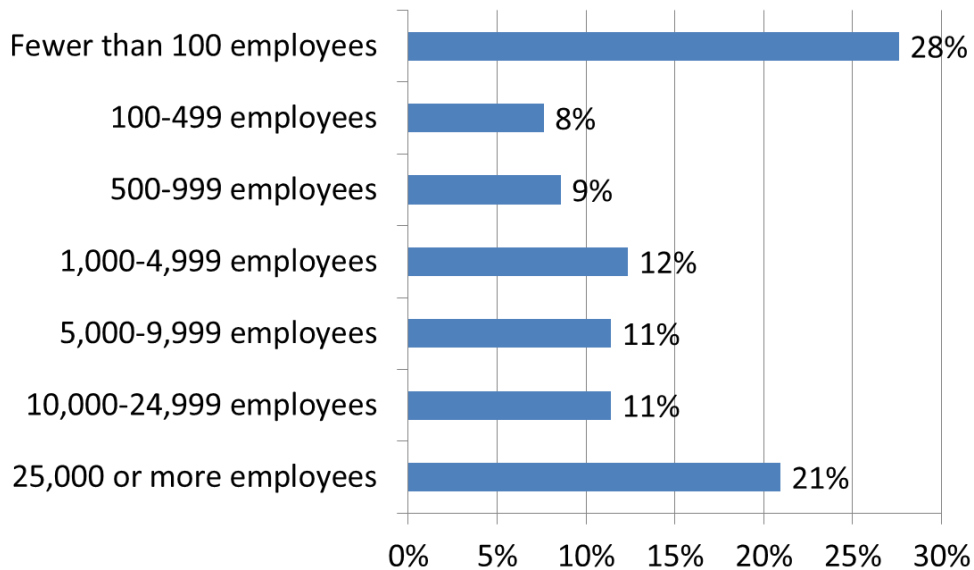Barriers to Becoming a Strategic Enabler – Practical Advice
- ✓ Make the business case for learning to senior leadership. Speak the language of the business.
- ✓ Strengthen learning leadership to champion learning and development within the organization.
- ✓ Create a process to align the training strategy with the business.
- ✓ Demonstrate the value of learning for key organizational priorities.

Appendix A: Survey Demographics

Industry of Respondents

Industry	Percentage
Wholesale/Retail/Distribution	8%
Transportation/Utilities	5%
Other	15%
Manufacturing	18%
Health Care/Pharmaceuticals	9%
Government/Military	3%
Financial/Real Estate/Insurance	15%
Entertainment/Publishing	1%
Education	3%
Consulting	12%
Construction/Architecture/Engineering	3%
Business Services	8%

Company Size of Respondents

Company Size	Percentage
Fewer than 100 employees	28%
100-499 employees	8%
500-999 employees	9%
1,000-4,999 employees	12%
5,000-9,999 employees	11%
10,000-24,999 employees	11%
25,000 or more employees	21%

Country of Respondents

Country	Percentage
AUSTRALIA	1%
CANADA	6%
INDIA	1%
UNITED KINGDOM	1%
UNITED STATES	86%
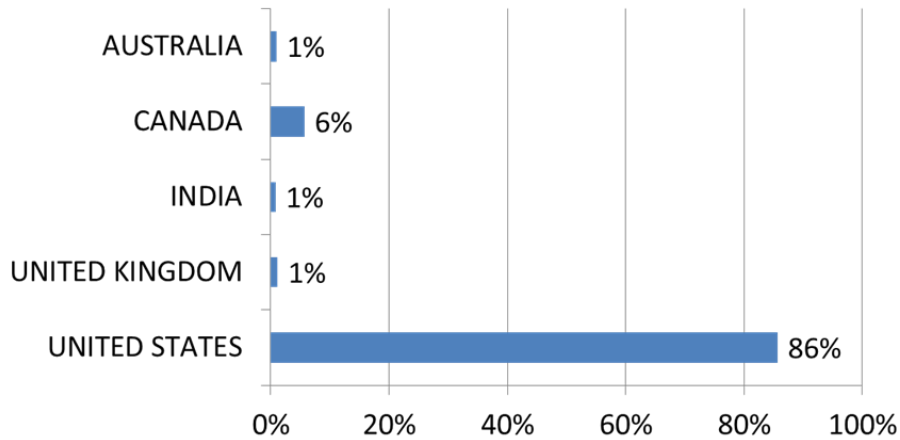
Countries with less than 1% not reported.

How would you describe the geographic distribution of your workforce?

Description	Percentage
Mostly located in one country in one location	21.0 %
Mostly located in one country with multiple locations	38.8 %
Mostly located in one country with some global distribution	9.6 %
Highly distributed with multiple locations across the globe	30.6 %