Caterpillar Builds a Powerhouse in Enterprise Learning

BY LEIGHANNE LEVENSALER

Too good to be real? Not at Caterpillar. This Midwestern-based company, known throughout the world for its powerful machinery and engines, is rapidly gaining recognition as a powerhouse in enterprise learning.

Caterpillar’s Program

» An enterprise learning plan that anticipates needs for the next five to ten years.
» An organizational structure that incorporates participation and buy-in from the most senior executives.
» More than 4,000 active knowledge communities.
» A leadership and management program, refined over decades, that graduated the company’s current CEO.

Fred Goh, senior manager of learning strategy, has been involved in practically every stage of the company’s learning metamorphosis, which sprang from a detailed marketing analysis conducted in 1998 to determine ways in which the company could achieve aggressive growth. One of the identified success factors was the need for Caterpillar to become a continual learning organization.

In 1999, Goh, who was then working as a business and HR strategist for Asia Pacific, was nominated to be part of an eight-person, full-time team of line managers charged with putting together an enterprise-wide HR and learning strategy.

“We were charged with changing the company’s approach to learning,” said Goh. “The executive team wasn’t looking for quick, tactical fixes. The company recognized that its long-term marketing strategy couldn’t be executed without a long-term learning strategy.”

Goh and his teammates developed a strategy that accommodated and reflected multiple business paradoxes. In order to achieve the company’s goals for business growth, business units had to have

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The leadership challenge was not just to develop more leaders, it was to develop leaders who valued collaboration, had strong business acumen, and thought globally.

In 2001, Caterpillar re-structured its learning community into Caterpillar University, which today supports the learning and development needs of more than 95,000 employees in 30 business units, as well as more than 100,000 dealer employees.

The company's 285 full- and part-time learning professionals are organized in a federated model. Approximately 50% of learning staff work in centralized organizations providing shared services and enterprise-wide training resources. Others provide dedicated support to specific business units. These lead learning managers are on business unit payrolls but have a dual line of responsibility to Cat U with goals associated with promoting continual learning and enterprise-wide efficiencies. The Caterpillar Learning Management System supports and manages learning throughout the enterprise. An enterprise learning plan, supported by 30 divisional learning plans, aligns learning with enterprise strategy through 2010 and with performance management, succession planning, and skills and competency management.

"We are actually looking out to 2015 to 2020 now," said Goh, who explained that the plan is "refreshed" on an ongoing basis as Caterpillar’s business strategy evolves. As part of his job, Goh works directly with senior executives to ascertain long-term learning requirements. "Because my background is in strategic planning, I can help executives take a longer view of learning through planned dialog."

This input is supplemented with input and direction from the Board of Governors, which was established in 2002 and meets quarterly. Board members include Caterpillar's CEO, Jim Owens, along with six group presidents and vice presidents. The board sets policies for learning at Caterpillar, oversees the alignment of the corporation's learning needs with business strategy, and focuses on enterprise-wide initiatives, such as leadership, performance management and change management. It also helps direct the multi-million dollar budget for Cat U.

According to Goh, the Board of Governors has been a critical success factor for Caterpillar's learning initiative. "You need this kind of strategic support, coupled with the business knowledge and direction contributed by board members," he said. "Without the board, we would not have come this far so quickly."

Caterpillar's sophisticated governance model also includes advisory boards for all Cat U colleges and a learning council. The advisory boards help define, structure, and prioritize activities of Cat U colleges and represent the voice of the business. In many cases, the boards are active in curriculum development for specific disciplines. Business unit vice presidents recommend individuals for advisory board
membership. Caterpillar University President Chris Glynn and the college deans approve the nominations. The learning council, composed of global HR managers, is responsible for ensuring the effectiveness and efficiencies of learning and HR-related initiatives.

Caterpillar employees have clearly embraced learning as part of their daily jobs. For example, the number of online courses completed increased over 700% from 2004 through July 2006 and the number of online assessments taken increased over 200% during the same time period. Since its introduction into the company in 2003, the use of virtual collaboration has soared, with 2006 year-end usage estimates hovering around the half million mark. All of these global systems allow Caterpillar to reap the benefit of cost-effective training delivery.

Goh and his colleagues are now looking for ways to deepen the learning experience by increasing the degree of learning and its integration into employees’ daily work. “We want employees to see learning as ongoing and sustainable, not mere events,” he said.

Goh is also actively exploring the connection between learning and employee engagement. He is just completing another cycle of an internal two-year study to correlate the connection and is sharing his findings with fellow professionals at upcoming conferences this year.

One method of integrating learning into daily work is through Caterpillar’s extensive Knowledge Network, an internally developed system that grew out of a very limited and highly technical application used by a single Caterpillar division. Today, more than 47,000 Caterpillar and dealer employees, suppliers, and customers have access to more than 4,000 communities of practice to exchange information, share documents, ask questions, and contact subject matter experts around the world. The Knowledge Network provides an extensive resource of information that is searchable and easily accessible.

A Caterpillar supplier whose factory was totally destroyed in a tornado was able to use the Knowledge Network to coordinate production from temporary facilities and marshal resources during the reconstruction of the original facility. The availability of this mission-critical information kept the assembly lines at Caterpillar running and put the supplier’s employees back to work sooner.

High-impact learning organizations are tightly involved with corporate talent management initiatives and make a concerted effort to measure business results. Caterpillar has cultivated numerous best practices in these areas.

Caterpillar has always had a tradition of strong leadership development. In fact, CEO Jim Owens graduated from a Caterpillar leadership program in 1975. The company’s current growth goals demand the cultivation of leaders with new skills and broad business knowledge. With the establishment of the College of Leadership, part of Cat U, the company set a new, expanded course for leadership development.

Cat U has developed a set of leadership competencies based on extensive interviews with senior corporate executives. Three primary competencies – vision, execution, and legacy – are supported and strengthened in the company’s leadership learning curriculum.
The competencies are also tightly tied to other talent management processes, such as employee acquisition, performance management, and succession planning. Also in conjunction with HR, Cat U developed the leadership supply process, which was designed to increase the supply of potential leaders to meet anticipated demand. The process helps the company identify leadership candidates as part of ongoing performance management and career development activities.

Caterpillar University also has a dedicated metrics team. The metrics team produces a Business of Learning document, which clearly shows investment, strategic impact and Return on Learning (ROL) for all major programs. In fact, “following the numbers” creates a clear line of sight between learning and the business strategy. Learning initiatives are evaluated according to the Kirkpatrick / Phillips five levels, performance scorecards and ROL studies.

At Caterpillar, the bottom line is whether performance of individuals, of business units, and of the enterprise is improved as a result of learning. Today, Caterpillar learning is centralized on one learning management system. Yet, while the use of a universal LMS and standardized technology tools has helped the company avoid duplicate expenditures and get "more bang" from technology investments, the company is also better able to meet individual learning needs. Each employee has a highly customized individual learning plan, which ties into enterprise and divisional learning plans, job-specific learning requirements, and career-enhancing learning.

Enterprise-wide efficiencies are also fostered through multiple activities for the company's learning professionals. Each month, learning professionals worldwide hold a learning teleconference. Teleconference agendas include sessions during which professionals share and discuss business unit best practices. Learning managers convene at an annual conference. Examples of recent presentations include use of the Kirkpatrick model measurements to improve a business curriculum, the creation and rollout of a

Excellence, Caterpillar has received awards for its approaches in strategic alignment of learning with business, learning metrics, marketing of learning, knowledge sharing, and leadership development.

“When I was offered a position with Cat U back in 2001, I told Dave Vance (the president of Cat U at the time) that I’d take the job on one condition,” Goh said.

“I told him that I wanted to apply a true strategic approach to learning and required his unwavering support to turn the idea into reality. And that commitment has helped the learning strategy stay on course and to produce the recognition we enjoy today. The vision would not have been achieved if not for the teamwork and

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learning program across multiple geographies, new computer facilities implemented in Brazil, and the development of job roles and accompanying competencies. Best practices are also shared through the learning manager’s community of practice – part of the Caterpillar Knowledge Network.

Getting external recognition is actually part of the business strategy for Caterpillar University, according to Goh. "By getting outside recognition, we can build internal credibility, increase the rate of adoption, and heighten employees’ awareness of learning opportunities. We believe these awards and recognitions serve as external benchmarks in helping us continually refine our processes and practices.”

In addition to being recognized as a 2006 Learning Leader for Organizational support of all learning leaders, including employees and leaders across Caterpillar.

The accomplishments of Caterpillar University – and recent corporate results – demonstrate that the university has not backed off of its original commitments. Caterpillar profits were up 40% in 2006 and the company is aggressively expanding its global presence.

For evidence that learning does make a difference, look to Cat U. 

Caterpillar earned the Bersin & Associates Learning Leader Award for Organizational and Management Excellence. To learn more about the Learning Leaders program, visit: www.bersin.com. Meet other Learning Leaders at Elearning! Magazine’s Web Seminar Series. To learn more, visit: www.elearning.b2bmediaco.com/events.php