

Human Capital Contribution Model™

A systematic approach for learning organizations to assess needs, effectiveness, business results, ROI and profit impact.

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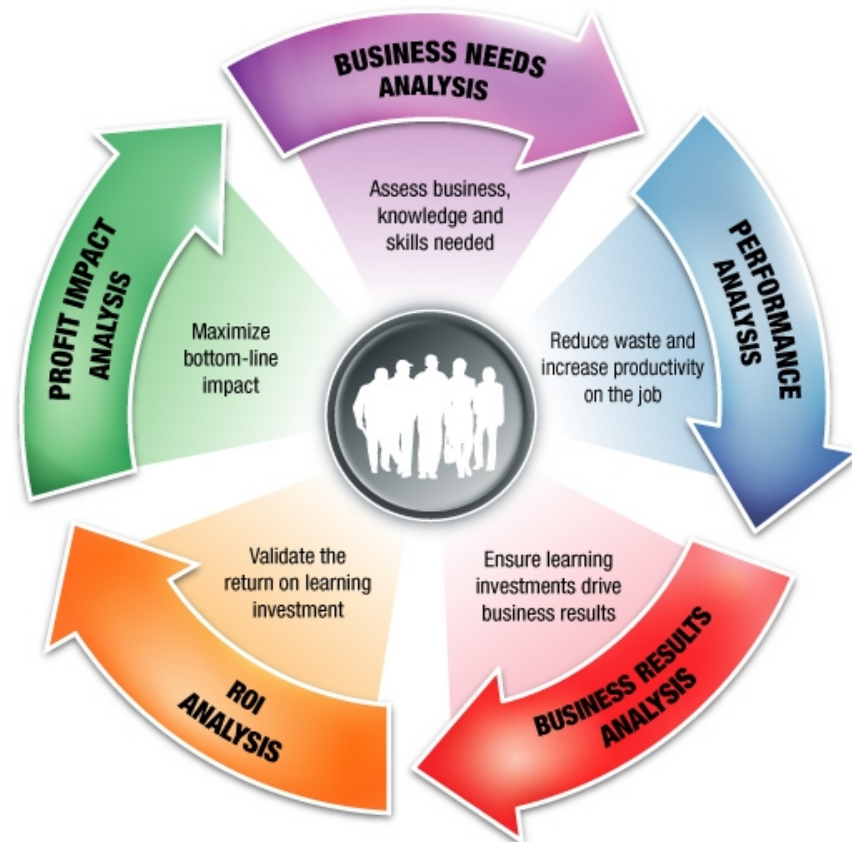
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What is Human Capital Contribution Model (HCCM)?

HUMAN CAPITAL CONTRIBUTION MODEL™

A process and toolset enabling learning organizations to measure and improve business results and bottom-line impact.



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What are the Benefits of HCCM™?

- Ensures that business results are aligned with business objectives
- Significantly reduces wasted L&D expenses
- Substantially increases productivity
- Simplifies the process of tracking actual business results
- Cost-effective approach to measuring ROI
- Enables you to link learning investments to bottom-line impact
- Data-driven approach to optimizing the impact of your L&D programs

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Business Needs Analysis



- Up front planning process
- Ensure training scope is appropriate for business needs
- Conduct an organizational needs assessment
- Conduct an individual needs assessment
- Conduct a competency assessment
- Perform a pre-test

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Business Needs Analysis - Case

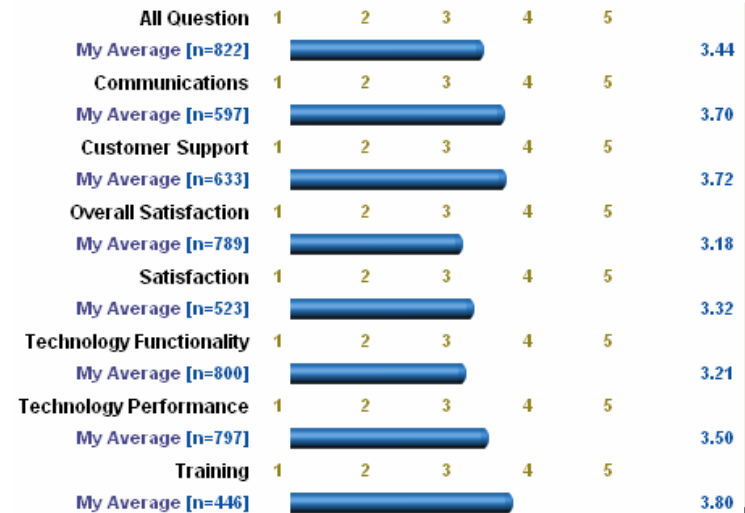


- Insurance Company
- Auto Liability Development Need
- Used Scenario-Based Testing
- Built a more focused program
- Participants attended training based on their competency

Student	Summary		
	Test (100 points)	Test Score (100 points)	Test Pass (70 points)
jeff@ka.com	20	20	No
johnsmith@ka.com	40	40	No
marviones@ka.com	20	20	No
philbrown@ka.com	60	60	No
sarasims@ka.com	100	100	Yes
bobcarson@ka.com	90	90	Yes
carolynjones@ka.com	70	70	Yes
iberk@cnatest.com	20	20	No
Average	52.50	52.50	38%

Student	Test							
	Combination Editi... (10 points)	A Journal Approve... (10 points)	In the new accoun... (10 points)	The preferred met... (10 points)	In the new accoun... (10 points)	PeopleSoft simpli... (10 points)	Journals to be po... (10 points)	
jeff@ka.com	0	0	0	0	0	10	10	
johnsmith@ka.com	0	10	10	10	0	0	10	
marviones@ka.com	0	0	0	10	0	10	0	
philbrown@ka.com	10	10	10	10	10	10	0	
sarasims@ka.com	10	10	10	10	10	10	10	
bobcarson@ka.com	10	10	0	10	10	10	10	
carolynjones@ka.com	10	10	10	10	0	10	10	

Business Needs Assessment



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Performance Analysis



- Rigorous tracking of day-to-day operational performance
- Reduce wasted training investments
- Improve organizational performance
- Track key attributes of training (instructor, location, delivery)
- Track key attributes of participants (years on job, business unit)

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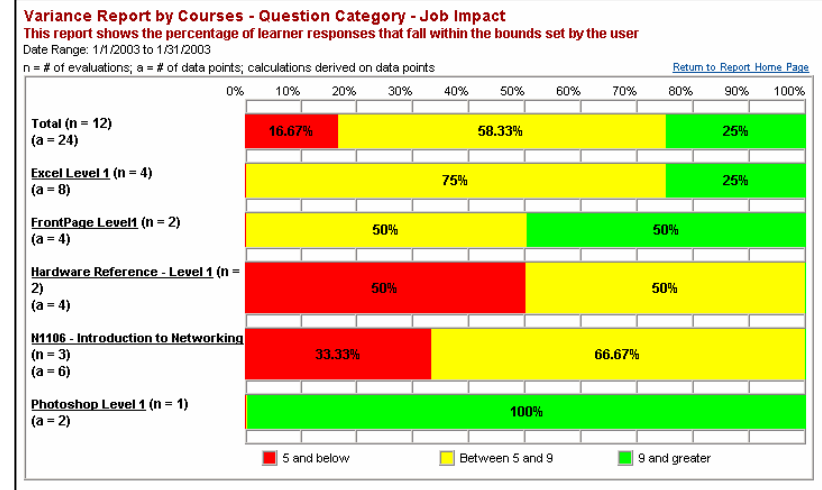
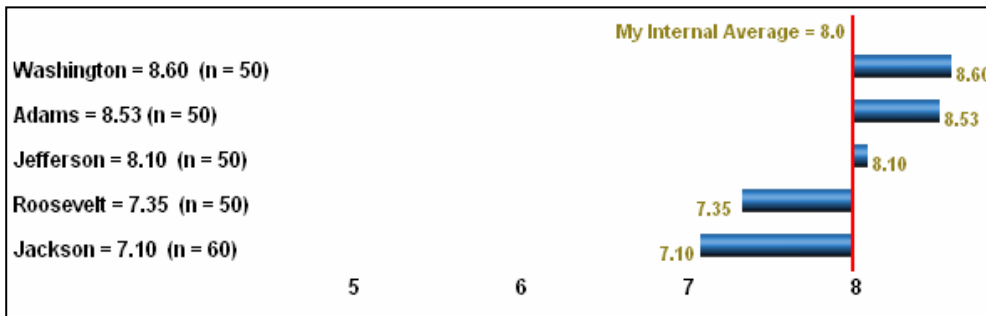
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Performance Analysis - Case



- Telecommunications Company
- Sales Training outsourced to 3rd party
- Tracked and benchmarked performance
- Made changes for poor performers
- Optimized impact of training on job



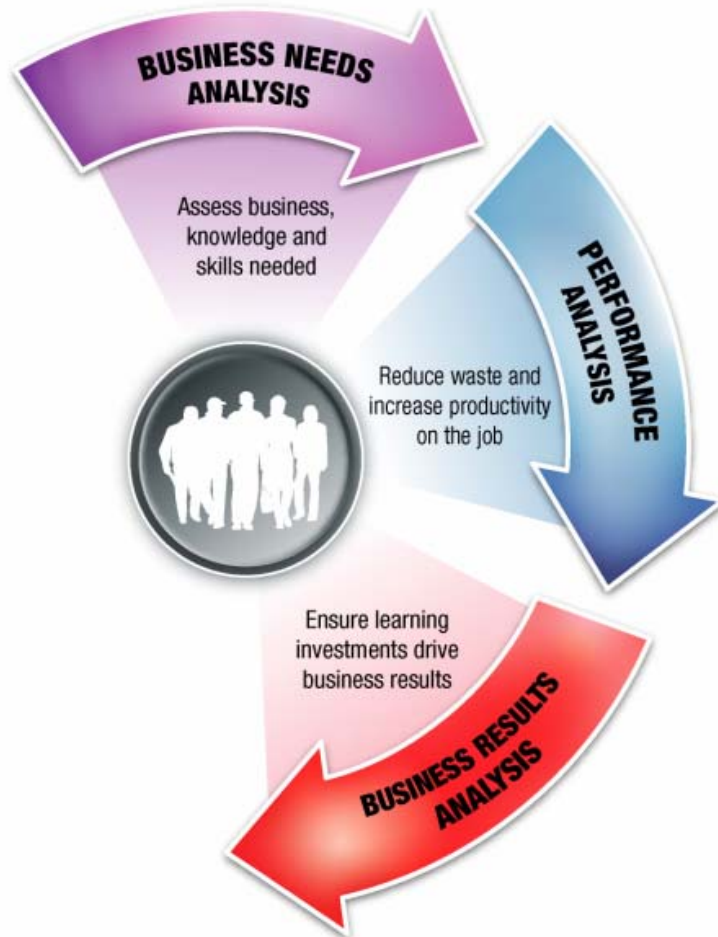
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Business Results Analysis



- Understand business results important to management
- Track actual business results over time
- Key results include revenue, profitability and productivity
- Additional 'macro' results include cost, satisfaction, cycle-time, quality, and risk
- Use technology templates and tools to automate the tracking of actual business results

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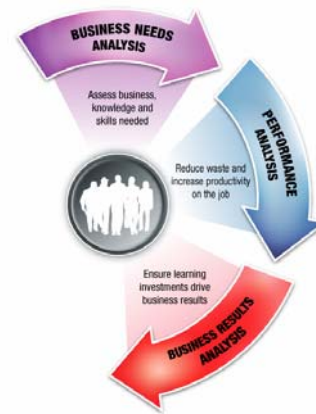


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Business Results Analysis - Case



- Enterprise software company
- Needed to show link to key business results
- Used automated web tools to gather results
- Proved 19% improvement in productivity
- Proved 20% improvement in quality

1) Name your worksheet:

2) Name the business result: (ex. Increased Quality, annualized)

3) Define your business result performance measure: (ex. Defects per unit, annualized)

4) Estimate the quantitative metric for each performance measure:
important note: all items in this section must be annualized (ex. 1 month of data is 100 unit sales representing \$1,000, input 1200 unit sales representing \$12,000 as an annualized number).

	Group Trained		Control Group (optional)	
	Metric	Monetary Value	Metric	Monetary Value
Estimate the metric as measured BEFORE the training:	<input type="text" value="100"/>	<input type="text" value="10000"/>	<input type="text" value="100"/>	<input type="text" value="10000"/>
Estimate the metric as measured AFTER the training:	<input type="text" value="150"/>	<input type="text" value="15000"/>	<input type="text" value="110"/>	<input type="text" value="11000"/>
Total change in metric:	<input type="text" value="50%"/>	<input type="text" value="5000"/>	<input type="text" value="10%"/>	<input type="text" value="1000"/>

5) Isolate root causes of the total percentage change in metric.
Please input the percentage of the change in the metric that was driven by these causes (total should equal 100%)

	Group Trained		Control Group (optional)	
	Percent	Monetary Value	Percent	Monetary Value
Personnel:	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
Technology:	<input type="text" value="20"/>	<input type="text" value="1000"/>	<input type="text" value="20"/>	<input type="text" value="200"/>
External factors:	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
Procedure/Policy:	<input type="text" value="30"/>	<input type="text" value="1500"/>	<input type="text" value="50"/>	<input type="text" value="500"/>
Incentives:	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
Training:	<input type="text" value="50"/>	<input type="text" value="2500"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
Other:	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="30"/>	<input type="text" value="300"/>
Total (should equal 100%)	<input type="text" value="100%"/>	<input type="text" value="5000"/>	<input type="text" value="100%"/>	<input type="text" value="1000"/>

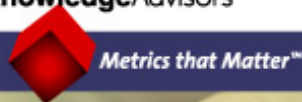
6) Adjustment factor for confidence in estimations: (percentage)

Business Results: Productivity analyze and monetize this result	Post Event
Total percent improvement in productivity, including training	51%
Training's contribution to improved productivity	57%
Percent improvement due to training	29.1%
Adjustment factor for confidence in estimations	65%
Adjusted percent improvement due to training	18.9%

Business Results: Quality analyze and monetize this result	Post Event
Total percent improvement in quality, including training	54%
Training's contribution to improved quality	57%
Percent improvement due to training	30.8%
Adjustment factor for confidence in estimations	65%
Adjusted percent improvement due to training	20%

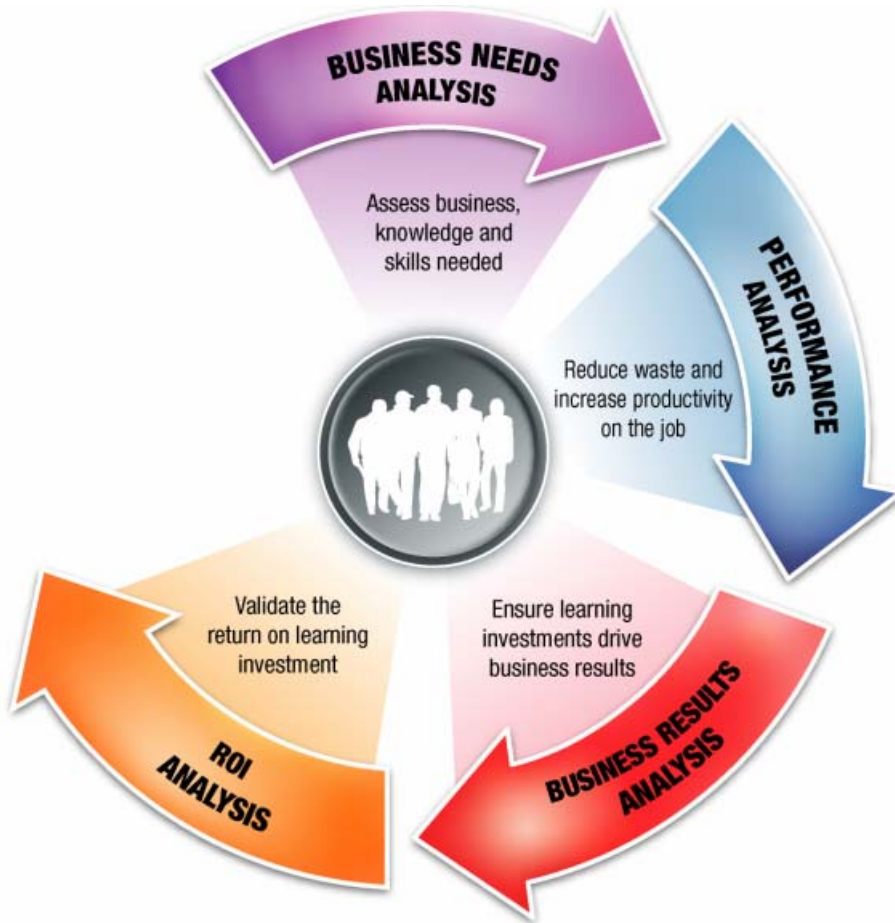
Business Results: Increasing Customer Satisfaction analyze and monetize this result	Post Event
Total percent improvement in customer satisfaction, including training	52%
Training's contribution to improved customer satisfaction	57%
Percent improvement due to training	29.6%
Adjustment factor for confidence in estimations	65%
Adjusted percent improvement due to training	19.3%

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ROI Analysis



- Utilize financial analysis to validate the investment
- Leverage The Phillips ROI Process
- Automated tools to 'estimate, isolate and adjust'
- Identifies ways to deliver learning at lower cost
- Identifies programs to invest more/less in the future

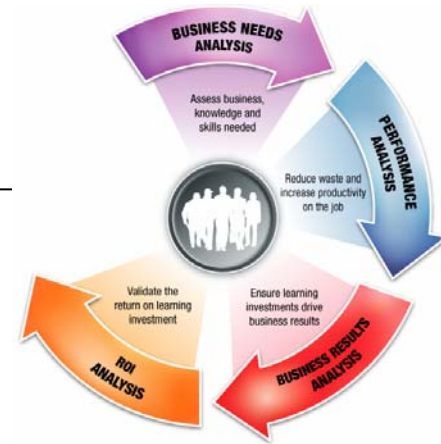
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ROI Analysis - Case



- Floral company
- Conducted major technology training
- Needed to determine ROI for management
- Analysis proved a 3.4 to 1 benefit to cost ratio
- \$276,000 in cost savings due to training

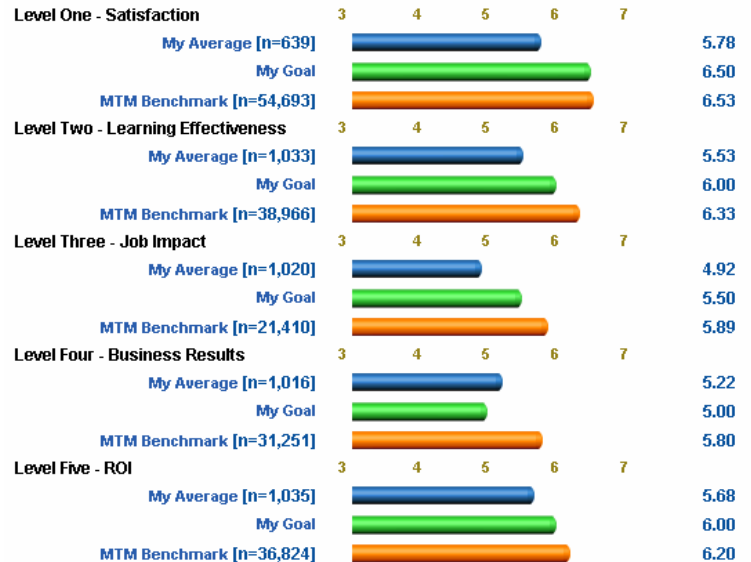
Human Capital ROI Score Card

Level 5 Return on Investment	Post Event
Costs(per person)	1,000
Monetary Benefits(per person)	3,500
Benefit to Cost Ratio	3.5
ROI Percentage	250%
Payback Period(months)	3.43

Learning Levels Score Card

summary of learning performance by learning measurement levels for all forms

Time Period for Reporting: September 1 2003 to September 30 2003



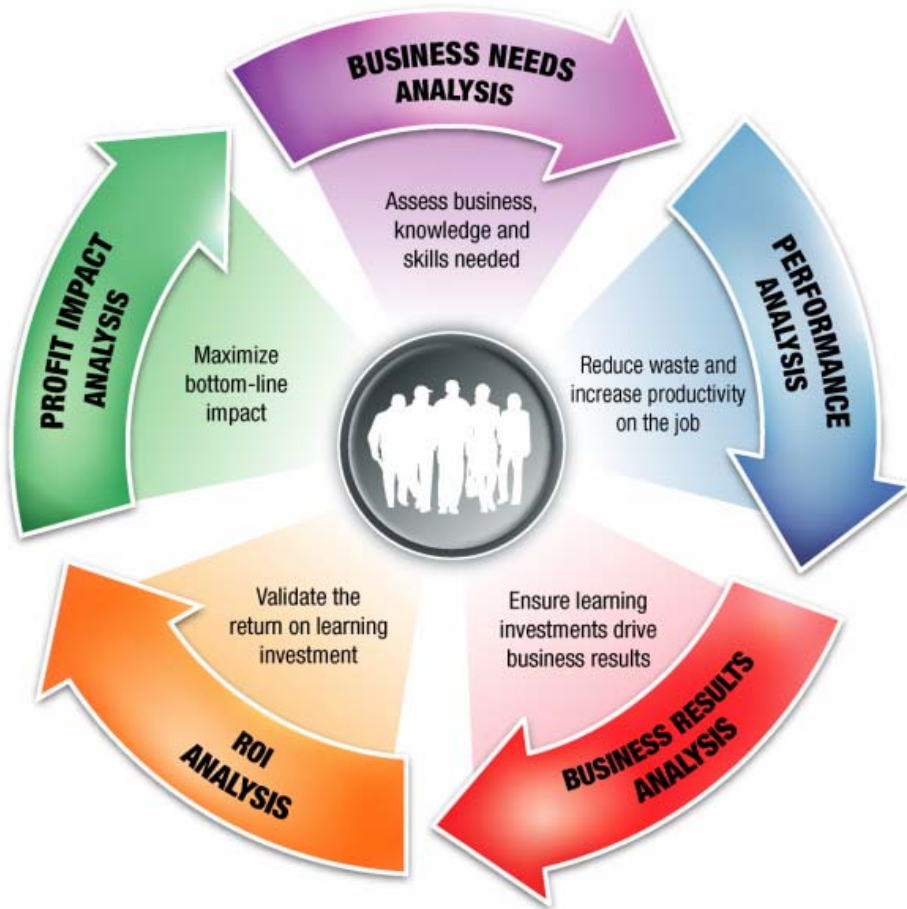
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Profit Impact Analysis



- Data driven approach to planning and forecasting
- Connect learning to financial statement analysis
- Measure human capital contribution margin
(Sales – (Direct Labor + L&D expenses))

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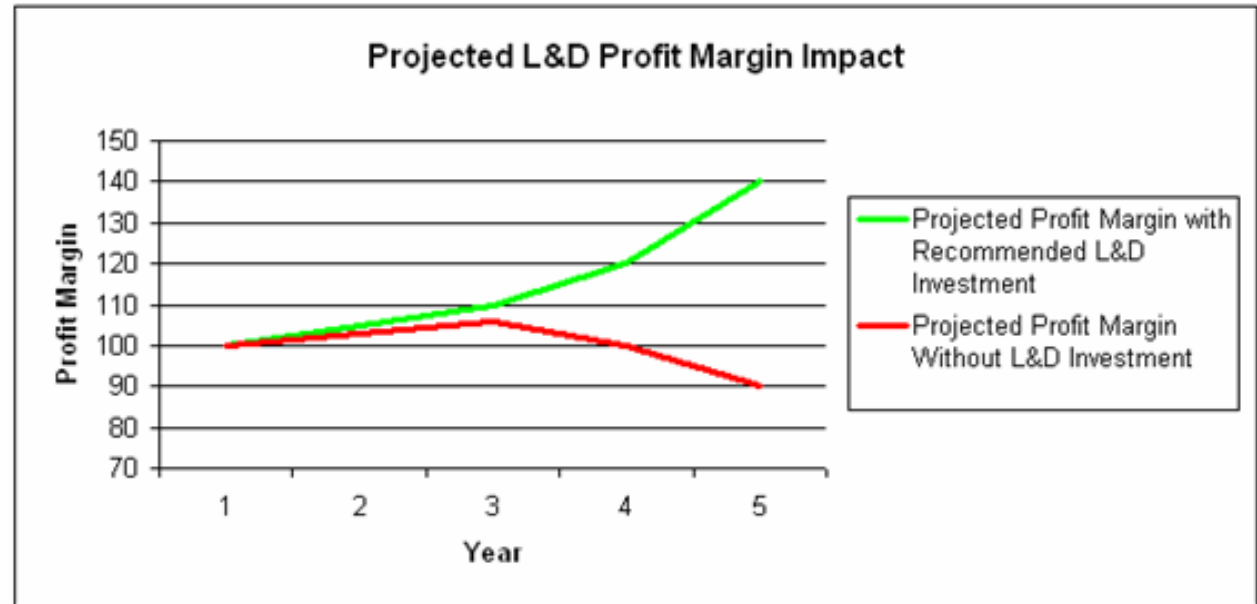
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Profit Impact Analysis - Case



- Small technology company
- Major change to core technology of product
- Measured profit impact of training
- -.5% effect on profit in Y1, +3% in Y2



Source: KnowledgeAdvisors Profit Impact Analysis Template

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KnowledgeAdvisors HCCM Tools

- Analysis services to analyze past data and build Human Capital strategies
- Technology tools to collect, store, process and report
 - Business needs
 - Performance
 - Business Results
 - ROI
 - Profit Impact

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