



# The High-Impact Learning Organization

*Executive Summary*

**Josh Bersin**

*Principal Analyst*

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## Introduction

Corporate learning and development (L&D) is undergoing tremendous change. This executive overview summarizes some of the key findings in our latest research study, *The High Impact Learning Organization®: WhatWorks® in the Management, Governance and Operations of Modern Corporate Training*.

## Some Perspective

The corporate training industry is a \$60 billion industry in North America<sup>1</sup> and grew by more than four percent last year. Worldwide spending is far greater than \$150 billion<sup>2</sup>. Organizations spend an average of 2.4 percent of payroll on this critical function – yet continuously struggle to measure the impact and effectiveness of this intangible investment.

Our *High-Impact Learning Organization* research program is designed to help corporate HR and L&D managers and practitioners understand best practices, trends and strategic solutions in modern corporate learning. This research addresses the three fundamentals of corporate learning programs and strategies: alignment, efficiency and effectiveness. Because corporate training must address so many widely varying and constantly changing skills and talent issues, high-impact learning organizations must:

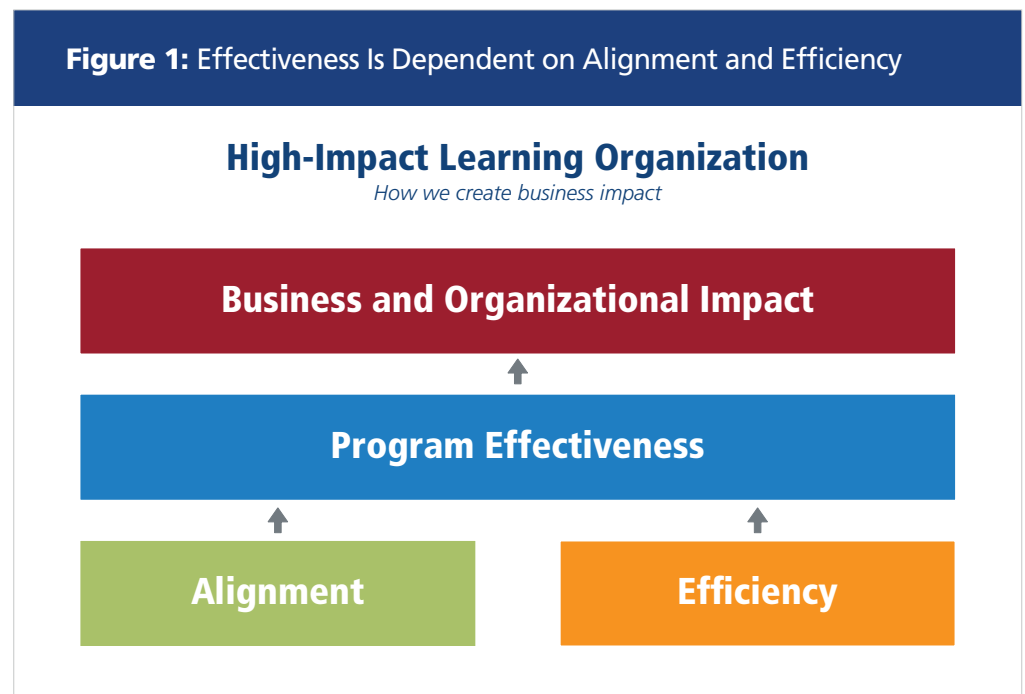
- Continuously *align* with current problems;
- Find the most *efficient* ways to build and deliver learning solutions; and,
- Look at the overall business *impact* beyond the classroom or the course.

<sup>1</sup> For more information, *The Corporate Learning Factbook® 2008: Statistics, Benchmarks and Analysis of the U.S. Corporate Training Market*, Bersin & Associates / Karen O'Leonard, January 2008. Available to research members at [www.elearningresearch.com](http://www.elearningresearch.com) or for purchase at [www.bersin.com/factbook](http://www.bersin.com/factbook).

<sup>2</sup> For more information, *The High-Impact Learning Organization: WhatWorks® in the Management, Governance and Operations of Modern Corporate Training*, Bersin & Associates / Josh Bersin, May 2008. Available to research members at [www.elearningresearch.com](http://www.elearningresearch.com) or for purchase at [www.bersin.com/highimpact](http://www.bersin.com/highimpact).

As Figure 1 shows, alignment is coupled with efficiency to drive program effectiveness which, in turn, drives business and organizational impact. **Alignment** refers to the topics of organization, governance, planning, performance consulting<sup>3</sup>, competency assessment and the ability for the L&D organization to truly understand the organization’s business needs, strategic competency gaps, workforce demographics and culture, and top priorities. **Efficiency** refers to the learning organization’s ability to develop excellent programs – by using the appropriate blended elements, selecting modern and useful media, developing programs quickly and cost-effectively, and using a wide variety of informal learning, action learning, assessments, simulations and other approaches. Together these two sets of processes should drive excellent high-impact programs and learning strategies.

When we first embarked on this research in 2004, corporate training organizations were focusing heavily on the adoption of learning technologies and learning managements systems (LMSs), the



Source: Bersin & Associates, 2008.

<sup>3</sup> “Performance consulting” is a needs assessment process that must be completed to identify the root cause of the business problem. Working with the line of business, performance consultants diagnose the business problem and assess the needs, and then work with instructional designers to develop, launch, manage and assess the training solution. Performance consulting does not presume that the solution is training.

implementation of e-learning, and the creation of shared-services teams to manage the proliferation of learning technology. Back then, the biggest drivers of impact were the adoption of performance consulting and development of what we called the “federated organization model<sup>4</sup>,” which establishes a clear distinction between the roles of a centralized training organization and that of business-unit training organizations.

In this latest research, we reached out to more than 800 corporate training leaders and again asked them to tell us about their major priorities, strengths, weaknesses and business drivers. We interviewed more than 200 training managers and leaders – and we analyzed more than 60 different processes and organization structures in corporate L&D.

In this research (as with our other studies), we analyzed the relationship between these 60 different dimensions and a variety of business outcomes to understand the highest-impact best practices. In this report, for the first time, we identified a set of “high-impact” learning organizations (approximately 11 percent of our sample) and highlighted what these companies do.

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<sup>4</sup> A “federated model” has a small core team that manages some technology and corporate programs, and empowers business and functional units to run their own training programs.

# The World of Corporate Learning Has Changed

While learning and development organizations continue to struggle with technology and organization issues, priorities have changed. The top issues on the minds of learning leaders this year include:

1. Improving business alignment;
2. Reducing program and organizational costs;
3. Improving program effectiveness through the use of new media, blended approaches, collaborative learning and the implementation of “learning on-demand”;
4. Developing a business plan for learning;
5. Integrating with talent management strategies;
6. Improving efficiency;
7. Measuring the learning function;
8. Globalization; and,
9. Improving the technology infrastructure.

Today’s corporate training organization is trying to redefine itself in the world of reduced spending, the multigenerational workforce, social networking<sup>5</sup>, increased globalization and a tremendous focus on integrated talent management. While learning technology continues to be an important priority, the focus has moved from “implementing the LMS” toward building what we call “learning on-demand.”

e-Learning continues to challenge organizations. Today, fewer than one in five corporate training organizations feel themselves to be “expert” at building high-impact online courseware and fewer than one in 10 believe they have an “on-demand” learning strategy. While the new world of collaborative learning and social networking continues to grow in importance, so has the need to build more traditional career development programs to meet the needs of an ever-younger workforce.

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<sup>5</sup> “Social networking” refers to the use of web tools for individuals to post profile information, share comments and notes with each other, collaborate, and join groups – similar to the use of Facebook, LinkedIn and MySpace in the consumer market.

Not only has this changed the investments and focus areas for L&D, it has also changed the profession itself. While today's high-impact learning professional must be familiar with instructional design, development and delivery, he / she must also develop a new set of skills that include:

- An understanding of business-driven performance consulting;
- Familiarity with a wide range of new technologies, including blogs, tagging, podcasting<sup>6</sup>, online video, simulation, character animation and social networking<sup>7</sup>, as well as traditional and rapid e-learning;
- An understanding of strategic competency analysis and competency management to help build what we call “talent-driven learning” programs, and dovetail those efforts with talent management and performance management;
- An understanding of “information architecture” and how to arrange materials, so that people in different job roles can find what they need more quickly and easily;
- A strong understanding of the concepts of content reuse<sup>8</sup> and sharing, to help avoid building a proliferation of content that becomes out-dated or irrelevant;
- A burning desire to partner with business leaders and simultaneously work with HR to build integrated talent management strategies, which focus on critical talent pools, gaps in the leadership pipeline and other talent constraints; and,
- The ability and interest in running training like a “business function,” which plans, holds itself accountable, creates operational metrics, and integrates with each and every other business function within the company.

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<sup>6</sup> For more information, please see these reports: (1) *New Technologies for Corporate Learning: Part 1 – Podcasts, Blogs, and Wikis*, Bersin & Associates / Karen O'Leonard, May 2006; and, (2) *Podcasting: A New Technology for Learning*, Bersin & Associates / Karen O'Leonard, November 29, 2006. Available to research members at [www.elearningresearch.com](http://www.elearningresearch.com).

<sup>7</sup> For more information, *Social Networks for Enterprise Learning and Talent Management: A Primer*, Bersin & Associates / David Mallon, June 2008. Available to research members at [www.elearningresearch.com](http://www.elearningresearch.com).

<sup>8</sup> For more information, *Business Applications of Reusable Learning Content: Analyses, Best Practices and Business-Driven Solutions Based on Current Technologies and Usage*, Bersin & Associates / Chris Howard, April 2007. Available to research members at [www.elearningresearch.com](http://www.elearningresearch.com).

# Business Alignment, Career Development and Talent Management

Our research continually shows that “alignment” is the number one priority of high-impact learning organizations. It is very challenging to prioritize L&D resources in a world of constant business changes and tight budgets. In fact, among the high-impact organizations (those top 11 percent that are generating the greatest returns), there is a 400 percent higher adoption of business planning, steering committees and other processes that directly link the training department to different areas of the business.

We also know from our many conversations with chief learning officers (CLOs) that today’s L&D organizations have been heavily focused on supporting the new era of integrated talent management<sup>9</sup>. Integration of L&D with performance management, and the development of career models and career development programs, are now top priorities for many organizations. Our research clearly shows that career development must migrate from the “manage your own career” model to a more centralized approach. In our respondent sample for this research, 49 percent of organizations have no career development at all, and only 12 percent have career paths for 50 percent or more of their employees. The “high-impact” group, by contrast, has focused on this area – 35 percent have career development programs for more than half of their employees, and 84 percent have such programs for 30 percent or more of their workers.

*(We recently discussed our research with Caterpillar, GM, Textron, Microsoft and WellPoint – and each of these companies is focusing very heavily on building career development programs. Such programs include competency-based learning paths, behavioral and job interest assessments, and portals to help employees find the learning programs and next steps in their careers.)*

<sup>9</sup> Bersin & Associates defines integrated talent management as “supporting performance management and at least two additional integrated strategic HR processes (e.g., sourcing and recruiting, learning management, succession planning and so on) through a common interface, data platform, workflow, and cross-process reporting and analytics.”

Career development programs are becoming mission-critical in today's talent-constrained environment. Today's businesses are held back by the aging workforce, critical skills shortages and gaps throughout the leadership pipeline (the top challenge cited by HR executives). Most organizations now have a multigenerational workforce, with as many as four generations working together in a single company. Career development programs:

- Create internal mobility;
- Aid in recruiting and hiring; and,
- Build the leadership, sales and technical talent pipelines.

A third major area of focus today is the integration of learning with performance management. Performance management is the top-funded new program area for corporate HR. Our *High-Impact Talent Management*® research clearly shows that this process (formerly considered the “appraisal process”) is migrating rapidly away from the “competitive evaluation” model toward the “coaching and development” model.<sup>10</sup> In this latter model, it is more important than ever for L&D programs to directly fit into the development plans of employees. Hence, the integration of L&D with performance management is now one of the top five “high-impact” processes for success.

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<sup>10</sup> For more information, *High-Impact Talent Management: Trends, Best Practices and Industry Solutions*, Bersin & Associates / Josh Bersin, May 2007. Available to research members at [www.elearningresearch.com](http://www.elearningresearch.com) or for purchase at [www.bersin.com/hitm](http://www.bersin.com/hitm).

## The Multigenerational Workforce: Meeting the Needs of Younger Employees

How is the influx of “Millennial,” “Generation X” and “Generation Y” workers impacting L&D organizations? *Significantly.* Our research found that 40 percent of respondents rate the challenge of training workers under the age of 25 as either “very significant” or “significant” – and 80 percent of respondents believe learning styles of younger workers are either “vastly different” or “different” than those in their 30s and older.

While we do not believe that the biologic process of learning has changed, today’s young employees have far different learning habits, behaviors and expectations. They are:

- Connected almost 24 / 7;
- Facile users of cell phones, blogs, social networking and instant messaging;
- Far more likely to get help from their buddies or experts than they are to go to classes; and,
- If they go to a course (either online or in a classroom), they expect to be able to search online to get specific information and support.

Again, we are not yet prepared. Only 35 percent of learning leaders believe they are “excellent” or “good” at reaching younger workers with their current L&D programs and, in this research<sup>11</sup>, we give many examples and best practices for meeting this need.

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<sup>11</sup> For more information, *The High-Impact Learning Organization: WhatWorks® in the Management, Governance and Operations of Modern Corporate Training*, Bersin & Associates / Josh Bersin, May 2008.

## Redefining e-Learning

Our research also shows a dramatic redefinition of “e-learning.” It was only eight years ago that the term “e-learning” was coined. Back then, web-based courses were typically simple “page turners” that might include some audio or even video. They tried to mimic the traditional instructor-led (ILT) model on the web.

Today we see that web experiences are far different from instructor-led training. Courseware developed four to five years ago is considered boring, unengaging and often irrelevant. Modern best-in-class e-learning includes:

- Animated, learner-relevant characters;
- Online video and audio;
- Discussion rooms and blogs, and connection to a community of learners; and,
- Content that dynamically adjusts to the learner’s needs and learning path.

In addition, this new research shows that the highest-impact e-learning processes now focus on reuse – building content in a way in which it can be reused and made available via search, thus creating a consistent set of content types among instructor-led-training, web-based training, performance support and technical documentation.

These new demands of Web 2.0<sup>12</sup> are clearly forcing changes in L&D and organizations are not quite ready. The term “blended learning” has been redefined – from a combination of instructor and web-based training to a blend of many types of interactive content. While most organizations have now had years of experience with e-learning, few have become masters. Only 22 percent of research respondents rate their organizations as “excellent” in building e-learning; only 14 percent believe they are

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<sup>12</sup> “Web 2.0” refers to a perceived second generation of web-based communities and hosted services (such as social-networking sites, wikis, folksonomies, weblogs / blogs, social bookmarking, podcasts, RSS feeds, social software, web application programming interfaces / APIs, and online web services), which aim to facilitate creativity, collaboration and sharing between users. Although the term suggests a new version of the World Wide Web, it does not refer to an update to any technical specifications, but to changes in the ways software developers and end-users use the web. Source: [http://en.wikipedia.org/wiki/Web\\_2.0#Defining\\_22Web\\_2.0.22](http://en.wikipedia.org/wiki/Web_2.0#Defining_22Web_2.0.22).

“excellent” at building collaborative programs; and, only seven percent believe they are “excellent” at delivering learning on-demand.

Driven by the proliferation of user-generated content and these Web 2.0 demands, learning platform demands are changing, as well. We recently spoke with CLOs from five major financial services organizations. All five discussed having a heavy focus on bringing together their IT teams, HR and learning specialists – to reengineer their LMS and content infrastructures to provide on-demand solutions that include formal training, informal knowledge and community support. Our latest research also shows that one of the biggest predictors of high-impact learning is an organization’s ability to share and reuse content. Corporations are so content-rich today that it is more important to reuse and share content than it is to improve the ability to build new content.

One of the critical best practices we discuss in detail in this research is the development of a “learning architecture.” As you will read in the detailed report<sup>13</sup>, such an approach and methodology form the basis of these next-generation learning programs – and give organizations a clear strategy of what to do, when.

We have many examples of these rich, collaborative, blended, modern training programs. Many of our Learning Leaders™ award winners are delivering tremendously innovative new programs that include blogs, online experts, interactive courseware and live events.<sup>14</sup> Most high-impact training programs will look like this in the future.

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<sup>13</sup> For more information, *The High-Impact Learning Organization: WhatWorks® in the Management, Governance and Operations of Modern Corporate Training*, Bersin & Associates / Josh Bersin, May 2008.

<sup>14</sup> For more information, *Bersin & Associates Learning Leaders® 2007: Lessons from the Best – 2007 Award Winners*, Bersin & Associates, May 2008. Available to research members at [www.elearningresearch.com](http://www.elearningresearch.com) or at [www.bersin.com/leaders](http://www.bersin.com/leaders).

## So What Drives Impact in the Modern Training Organization?

In this and other research Bersin & Associates produces, we try to determine the true drivers of business impact. Through our *WhatWorks®* methodology, we sort through more than 60 possible dimensions of corporate training and identify those which drive the highest levels of impact.<sup>15</sup>

This study identifies 18 prioritized predictors of high-impact learning. If you want to maximize the business value of your L&D strategies in today's market, these are the areas on which to focus.

As the data in Figure 2 shows, talent management now plays a major role in the high-impact learning organization. Content development and learning on-demand are also critical. But perhaps the most interesting and noteworthy finding in this year's research is the importance of learning culture.

### Importance of a Learning Culture

As organizations proliferate greater volumes of content and online learning opportunities for people, there is more of a need to weave these programs together into context and culture. It is not enough to just develop and deliver training – it must be absorbed, used, reinforced and continuously supported. These “holistic” elements of corporate learning make up what we call the “learning culture.”

*“A **learning culture** is an organizationwide belief that the organization's strategy, mission and operations can continuously be improved through an ongoing process of individual and organizational learning.*

*This includes a set of **investments, programs and processes** to study areas of weakness, explore causes and exploit opportunities to improve and learn at all times and at all levels.”*

*Bersin & Associates*

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<sup>15</sup> For more information on Bersin & Associates methodology, please visit [www.bersin.com](http://www.bersin.com) or go to [www.bersin.com/hilo](http://www.bersin.com/hilo).

**Figure 2: High-Impact Learning Organization – Top 18 Best Practices**

#	18 High-Impact Learning Dimensions	Relative Improvement in Business Impact	Area	Correlation to Business Impact
1	Organization's Learning Culture	30%	Culture	Very High
2	Learning Integrated with Performance Management	30%	Talent Management	Very High
3	Expertise in Career Development Programs	29%	Talent Management	Very High
4	Strong Centralized L&D Organization	9%	Organization & Governance	Very High
5	Ability to Share and Reuse Content	29%	Content Development	High
6	Ability to Blend e-Learning with Other Forms of Training	29%	Content Development	High
7	Expertise in Collaborative Learning Strategies and Programs	28%	Content Development	High
8	Expertise in Performance Consulting	28%	Content Development	High
9	Expertise in Coaching	27%	Talent Management	High
10	Creating and Enforcing Content Development Standards	26%	Content Development	High
11	Ability to Build High-Impact e-Learning and Learning On-Demand	25%	Content Development	High
12	Ability to Globalize Learning Programs and Operations	24%	Organization & Governance	Medium
13	Building a Business Plan for Learning	19%	Organization & Governance	Medium
14	Strong Business-Driven Steering Committee and Governance	17%	Organization & Governance	Medium
15	Adoption of Performance and Development Management	12%	Talent Management	Medium
16	Business-Driven Chief Learning Officer	13%	Organization & Governance	Medium
17	Have a Well-Functioning LMS	15%	Technology	Low
18	More Than 80% of the Organization Uses the LMS	18%	Technology	Low

Source: Bersin &amp; Associates, 2008.

Interestingly, in this research we found that the learning culture is one of the most important drivers of impact. So what is a high-impact learning culture?

In our research, we identified 50 key elements of a high-impact learning culture. For example, organizations that strongly value learning also:

- Have excellent development planning processes;
- Commit high levels of funding to L&D over many years;
- Fund programs for coaching and other forms of informal training; and,
- Empower employees and organizations to make mistakes – and put in place formal processes to learn from these mistakes, without necessarily punishing errors.

Such an openness to learning drives organizational flexibility and adaptability, and creates what we call an “enduring organization.”

The L&D organization plays a major role in building this culture. A strong L&D organization (with the right leadership) can educate executives throughout the organization about the value of learning – and can also implement the pragmatic and efficient programs to make learning easy, relevant and available.

## Conclusion: Corporate Learning Has Changed and Is Now More Important Than Ever

Among the more than 800 companies that participated in this research, we found 81 that were exemplary and met our criteria for high-impact learning organizations. These organizations, approximately 11 percent of the sample, provide case studies for us all. They include industry leaders such as Caterpillar, Citibank, GE, Tiffany and many others. Through excellence in such areas as business alignment, organizational strategy, content development and learning delivery strategy, they prove that a well-run L&D organization can be one of the most valuable contributors to any business.

## How to Obtain This Research

This comprehensive industry study has been designed to provide in-depth, actionable best practices for the HR and L&D leader, program manager and practitioner. Organizations and individuals can purchase this research by visiting <http://www.berstin.com/hilo> or by joining our Research Membership Program<sup>16</sup>. Research members have access to this research – as well as to hundreds of case studies, benchmarking reports, analyst services, member forums and other strategic offerings. We hope this overview helps you understand the tremendous changes and opportunities in corporate learning today, and we look forward to hearing from you.



Josh Bersin

CEO, Bersin & Associates

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<sup>16</sup> For more information on our research membership program, please visit [www.berstin.com/membership](http://www.berstin.com/membership).

## Appendix I: *The High-Impact Learning Organization Industry Study* – The Table of Contents

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## About Us

Bersin & Associates is the only research and advisory consulting firm focused solely on *WhatWorks*® research in enterprise learning and talent management. With more than 25 years of experience in enterprise learning, technology and HR business processes, Bersin & Associates provides actionable, research-based services to help learning and HR managers and executives improve operational effectiveness and business impact.

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## About This Research

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