Workforce Performance & Learning

Return on learning, Part 1: Generating business impact from an enterprise learning transformation program

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From the perspective of marketplace impact and business performance, what happens when a company once renowned for its training and development opportunities begins to place its priorities elsewhere? And what is the business impact after an innovative and rigorous transformation program has reinvented the manner in which the company develops the capabilities of its people through enterprise learning and knowledge sharing?

Accenture, one of the world's leading management consulting, technology services and outsourcing companies, has also been a traditional leader and innovator in the areas of training and development. Beginning in 2001, however, Accenture experienced a series of dramatic challenges that began to affect the company's ongoing ability to provide world-class learning experiences for its own employees.

Some challenges were related to internal organization changes that had taken the training department away from the foundational education and common curriculum that had been so distinctive at Accenture. External economic events were also a factor. With the bursting of the Internet bubble and the terrorist attacks in the United States, many travel and training requests were denied for business reasons. Cost was a looming issue.

Led by the Accenture Capability Development group, the company initiated a sweeping transformation of its internal training and development programs—reinventing the way it supported its workforce with advanced and high-impact learning services, and

returning Accenture to its preeminent position as an organization that uses learning programs to drive business results.[1]

The lessons, approaches and strategies used by Accenture are instructive for any organization seeking to leverage learning and other related workforce transformation initiatives to achieve high performance.

From vision to governance to implementation

Because a learning transformation program is a multi-year journey, organizations must take careful and methodical steps, as part of a phased strategy and implementation program, to maximize the quality of the learning programs and their impact on the business. Simultaneously, they must nurture the buy-in and sponsorship of the executive leadership team and manage the impact of change on the workforce. The following activities were particularly crucial in ensuring the success of the Accenture transformation program.

Establishing a vision and governance structures
A vision for learning transformation will be stronger—and will stand a better chance of being successfully realized—if it is rooted in the concerns and mindset of the executive team. In this regard, Accenture did two things that were particularly important.

First, we made the case for change by communicating with the company's leadership team in both a personal and an analytic way. The executives discovered for

[1] The full story of Accenture's learning transformation story is told in a new book, *Return on Learning: Training for High Performance at Accenture* (Agate, 2006).

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themselves how much the then-current training situation at Accenture had evolved away from how they had experienced training as younger professionals. This discovery was backed up with hard data from employee satisfaction surveys and training request documentation, which reinforced just how much the diminished training services were affecting both employee morale and skill development.

Second, we carefully tied the vision for learning transformation to Accenture's core values: stewardship, best people, client value creation, respect for the individual, integrity and one global network. Effectively, this said to our leadership: "Here are the implications of those core values when it comes to revitalizing our learning culture."

By creating a compelling picture both of the existing situation and of the realistic vision for change, we drew the executive team into both the challenge and the solution. These leaders then became the executive steering committee, which provided the long-term oversight and governance during the initiative.

Proving the ROI in learning

Getting leadership attention to the goals of a learning transformation program is one thing; sustaining that interest over time is another. We needed to prove to the executive team that enterprise learning would have long-term beneficial effects on the overall performance of the company. So we planned and conducted an award-winning study that analyzed the return on investment in learning.

Based on this study, which was validated by leading university professors, we were able to quantify the value of enterprise learning by measuring its impact on recruiting, retention, chargeability and performance. We discovered that for every dollar Accenture invests in learning, the company receives that dollar back plus an additional $3.53 in measurable value to its bottom line—in other words, a 353 percent return on learning. The ROI study made it clear that enterprise learning is a strategic initiative of the highest importance.

Phenomenal learning

Accenture has a long history of innovative and award-winning training programs. Although we were transforming our training organization to deliver higher business impacts in a more efficient way, we were also determined to at least maintain, and

even improve, the quality of the learning experiences themselves. "Whatever else we do," we said to our team, "the learning programs we create have to be phenomenal." And that word became the motto for much of the revitalized content and delivery aspects of the transformation.

As we refined the idea, we detailed four critical experiential dimensions of phenomenal learning: the learning experience itself; the networking and relationship-building experience; the enculturation experience, whereby learners understand the value of the company culture and their role within it; and the "guest" experience, meaning the quality, engagement and professionalism of the entire learning event.

Running learning like a business

No one at Accenture gave us an unlimited budget and then told us to go create great learning. Quite the contrary: given the challenging economic environment in the early years of this decade, we were given relatively austere spending limits ...and then were told to go out and create innovative and high-impact learning programs.

The way we did this was to infuse the capability development group with the operational rigor that characterizes the rest of the company. We put together a strong business team, and we committed to delivering learning programs on time and on budget.

We also made use of a number of other leading-edge tactics and techniques to maximize our efficiency and impact. We achieved a better mix of learning delivery types—classroom, e-learning, virtual "webinars" and so forth. This mix allowed us to make better choices about which form of delivery had the best impact for the most reasonable cost. We also made effective use of an outsourcing relationship, giving us access to exceptional and experienced talent while also creating a supplier/customer relationship that offloaded more of our risk—thus producing high-quality results.

Innovative use of learning technologies

When we began our transformational journey, the technology infrastructure for learning at Accenture—once considered state of the art—had aged and become less reliable. So a critical part of reinvigorating learning was the creation of a new global learning management system called "myLearning." This has enabled us to centralize learning planning and administration.

Innovative decision support functionality within the system also enables us to keep our training investments continuously aligned with the needs of the business.

More recently, we have also made great strides in integrating our learning programs with our knowledge sharing and management capabilities. In the end, employees really do not care whether we call something "learning" or "knowledge." All they want is the support they need, when they need it, to do their jobs. Integrating enterprise learning and knowledge management is an important trend today, and we are at the leading edge of that trend.

Our learning transformation story is ongoing, of course. It's a journey that always seeks out new paths to high performance. We are proud of how far we've come. And we are confident that we will always be improving our ability to deliver a "return on learning."

High performance. Delivered.

Return on learning, Part 2: Creating a vision and plan for learning and enterprise transformation

By Donald B. Vanthournout

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A journey of a thousand miles begins with a single step, as the ancient Chinese proverb says. In the case of an organization initiating a transformational change program focused on learning and workforce performance, that first step is picturing and then planning for the final destination. It involves creating an enterprisewide vision of how the initiative will reshape the company through new capabilities, and then planning and putting in place the right team to make that vision a reality.

Creating the vision and plan was, indeed, the first step taken by Accenture's Capability Development organization as we made plans to transform the learning function at our company and return it to its preeminent position, not only within Accenture but within the entire global learning and business community.[1]

Across industries, organizational transformation programs have a fairly low success rate. Many reasons lie behind such failures. Some factors are outside the control of change leaders, such as economic downturns or a reassignment of key executive leadership midway through the program. In many cases, however, failure can be traced back to the beginning—to overlooking or giving short shrift to a number of visioning and planning activities. For us, these activities included achieving executive buy-in; presenting a clear business case for the transformation program;

choosing the right team; and aligning the vision with the core values of the enterprise as a whole.

Inspiring conviction among the executive team

Early in the planning phase for our learning transformation program, the chief executive of one of our operating groups provided a succinct and powerful summary of the challenge ahead: "Your goal is to make enterprise learning one of the top three issues that our executive group, especially the CEO, is working on. If your program is not on the short list of issues, it will be very difficult to get executive attention and buy in."

Key to making learning a top-three priority among our leaders was taking the time to meet with as many of them one-on-one as we could. During those meetings, executives discovered that many of their presumptions about the current state of learning and training at Accenture were no longer true. The vaunted core curriculum of the company, and the shared experience and enculturation at a central training facility, were no longer in the condition the leaders had experienced themselves. Short-term needs and goals had interfered with the longer-term development of our people, and that in turn had implications for the performance of the entire company.

These meetings accomplished something very important. They did more than just give our leaders

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information; they inspired conviction among them that change was needed and that their personal involvement would be critical to the success of the learning transformation program.

Sustaining conviction with a clear business case

We had successfully gotten buy-in from our leadership that a learning transformation program was the right thing to do. But we also had to give them the hard numbers to prove that it was also a business-savvy thing to do.

To make clear that link between enterprise learning and business impact, we began a series of research initiatives piecing together the evidence we needed. We commissioned a competitive analysis that helped us hone in on the key activities or levers that would help deliver a positive return on learning, such as increasing the number of hours of training that employees receive. More telling: our survey of college graduates showed that recruits valued corporate learning so highly that they were willing to work at a reduced base salary in exchange for top-notch training. In other words, they were willing to take less now for the prospect of making more later. Secondary research based on several academic studies confirmed the link between learning investments and financial indicators such as productivity and shareholder return. Finally, we conducted a groundbreaking ROI study, including the development of a university-endorsed economic model, which proved that, even in its current state, training was delivering triple-digit returns on Accenture's investments—353 percent, to be exact. As that study continued to win

external awards in the learning industry, it was hard to ignore. Accenture leadership soon let us know: "You have our attention."

Choosing the right team

The core leadership team in the Capability Development group—those involved in planning and executing the learning transformation program—was really more of a business team focused on corporate education than it was an education team trying to have a business impact. A number of us had served Accenture performing client work for many years before joining the Capability Development organization. Others had specific expertise in such areas as technology, methodology and performance measurement.

It's not that we were no longer committed to developing great, leading-edge training. Quite the contrary. Continuing the award-winning tradition of Accenture's training organization was one of the key goals of the transformation. But in the end, identifying great ideas for learning design and delivery is not the hardest part of what a learning executive does. Managing those great ideas toward positive business results, with sufficient rigor to earn the trust of executive leadership, is the biggest challenge. Hence, putting together a team with the right business experience and program management skills was vital.

Our core team included experienced business people in areas such as learning strategy, curriculum planning and development, training operations and technology development. Once the team members were assembled, we made an effort to inspire conviction in them too. In effect, we were asking them to take a risk: Put your profes-

sional backgrounds on the line to see if, together, we can successfully transform the training situation at Accenture.

Aligning the vision with the company's core values

The strongest buildings sink their foundations deep into the ground. Similarly, the strongest visions are founded on the deep cultural and social values of a company. The Capability Development group tied the overall vision for learning transformation to the publicly stated core values of Accenture: stewardship, best people, client value creation, respect for the individual, integrity and one global network.

We also linked the vision to the leadership model at Accenture. This model emphasizes three important components of leadership: value creation for the company; people developers on behalf of the workforce; and business operators who are effective stewards of company resources. Aligning our vision and plans to our corporate values and to our own leadership model was an important success factor. It gave us a structure—it based our work around what we valued most and what those values meant for how we led our people. And it resonated with Accenture senior executives and helped secure their ongoing commitment.

Of course, even the best visions and plans must be followed immediately by effective execution. But the right vision—created, planned and reinforced the right way—can become a beacon for the challenging journey of organizational transformation.

A vision for learning transformation

The vision for Accenture's learning transformation initiative affirmed that professional education at Accenture would:

- Become a strategic investment of the highest priority, even during difficult economic times.

- Be measured according to how well it supported the business strategy and improved the performance of the company overall.

- Offer exceptional development opportunities that stretch and challenge individuals and teams.

- Be delivered with world-class efficiency, maximizing the value of the investment.

- Build the Accenture brand of people—individuals who lead and create value in any context.

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Return on learning, Part 3: Measuring the return on investment in training

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What is the value of an organization's training programs? What is the return on investment in enterprise learning and other workforce enablement initiatives? Although these are very basic questions, few organizations can answer them with an adequate degree of rigor. It's a curious situation: although executives usually can provide detailed information about their return on investments in equipment or other physical assets, many of the same executives do not know what their companies are spending on workforce enablement, much less the measurable value it is delivering.

Why would one wish to know detailed information about the return on learning? For us—a team from Accenture's internal capability development group leading a transformation of the company's internal training programs—it was not merely an academic exercise. The motive was, in part, extremely practical: prove to our steering committee and the sponsors of our transformation initiative that their continued, ongoing attention to training at Accenture was a sound business investment. Not only was it "the right thing to do," the learning transformation program would also deliver a measurable impact to the company's bottom line.

The shortfall in traditional measurement techniques

The program we developed to assess the ROI in learning was extremely methodical, starting with basic questions and proceeding to more difficult ones. The first question was simply whether an ROI in learning even exists. The integrity of a measurement process really depends on starting from zero. So our approach was to begin with the presumption that there is no

value to learning, and then see what evidence there was to the contrary.

In fact, much of the traditional evidence turns out to be somewhat shaky on close inspection. Reviewing the secondary literature, some of the work done in calculating the return on training investments is guilty of misrepresentation and over-reliance on soft data. Survey data (for example, "Did you enjoy this course?" or "Would you recommend this course?") is often the foundation of such studies.

However, to create a sound ROI model for training, one needs to look beyond operational statistics like numbers of courses and satisfaction scores, and instead determine whether employees actually made a better contribution to the organization because of the course. To use an analogy, assessing the quality of medical care is not a question of whether people are "satisfied" with their hospital visit; the right question is whether they become healthy again.

So although the secondary research revealed that a number of studies were untrustworthy, we learned that others were more solid. Based on this, we determined that the quest for an ROI in learning was justifiable.

Another set of questions was about training's tangible and intangible impacts on business. We wanted to include in our model only those elements for which we could find good data. For example, although one may affirm intuitively or anecdotally that training has a positive effect on knowledge sharing and morale, an adequate model for tracking those business impacts does not exist. So the bad news was that we had to

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leave out a number of promising ways that learning can have an impact on performance. But the good news was that the results would be conservative—and thus more believable.

Creating the model

With a foundation based on the questions answered to this point, we proceeded to build a defensible ROI model (see figure). The model, validated by university experts in statistics, plots employee contribution against time with the company. Each company must assign its own metric for contribution based on the nature of its business. In Accenture's case, contribution can be assessed most persuasively by the metric of "per-person margin." The other axis, time with the company, measures the increase in value received from employees the longer they stay.

The model is founded on three solid insights. First, a company with better training opportunities can hire better employees. (Our own surveys found this to be true: recruits are willing to accept a slightly lower starting salary in return for the opportunities afforded by better training.) Second, employees at a company that provides better training opportunities will stay with the company longer. Third, employees at a company that provides better training opportunities will achieve competent levels of performance faster.

In the simplified conceptual model summarized in the figure, the overall effect of training on the business should be the area under the line for the company that trains minus the area of that for the company that does not provide training.

At this point, the analysis turned more rigorous. The rules of engagement were to, 1) use only hard data—that is, not "Were you satisfied?" but "Did your contribution increase?"; 2) use only hard analysis (not "Is there a correlation between training and contribution?" but "Controlling for experience, economic cycles and other factors, is there a correlation between training and contribution?"; and 3) consider all training in the analysis, not just the best training.

We used per-person margin as the outcome variable and analyzed millions of data points. We found that, all else being equal, employees who took more training were more valuable overall because they had more billable hours and higher billing rates, and also stayed with the company longer. Accounting for the measurable factors under the rules of engagement, the result of our analysis was that for every dollar Accenture invests in training employees, the company receives $4.53 back.

Needless to say, this was a critical moment in the reinvigoration of training and learning at Accenture. The ROI number proved that training is important, and that learning investments not only are the right thing to do for our people, but also make strong financial sense.

The whole that is greater than the parts

One of our key insights from this ROI work, and a key takeaway for any organization assessing its own ROI in learning, was that the effects of learning on business performance are cumulative over time. Many who have tried to measure the business impact of learning have sought to calculate ROI by

looking at how a specific course taught specific skills to specific individuals. But any single course by itself is unlikely to have much of a discernible effect. On the other hand, when you look at several courses in conjunction with one another, you begin to see measurable effects.

Becoming more rigorous in measuring the return on investment in training is a critical step in bringing predictability and greater acceptance for enterprise learning. Such rigor can help organizations justify and inspire a renewed commitment to learning and workforce performance. It can also help keep training investments aligned with business needs by tracking business impact and redirecting workforce investments to areas of maximum effectiveness.

Accenture's model for measuring the return on learning

Contribution (**Performance:** Slope of line = effect on speed to competency)

····· Training — — No training

Benefits of learning: The area under the training line minus the area under the no training line

Time with company
(**Retention:** Length of lines = people stay with company longer)