

# *Delivering Greater Value with Learning Initiatives*

Jeff Higgins, CEO, HCMI

David Vance, Executive Director, Center for Talent Reporting

May 28, 2015

## **Jeff Higgins**



## **Chief Executive Officer, HCMI**

*Jeff as the CEO of the HCMI is a driving force in Workforce analytics at leading companies who transform workforce data into a source of value creation via planning and predictive modeling. With his unique combination of experience as both a senior HR executive and former CFO, Jeff helps organizations around the world rapidly advance their analytics & workforce planning journey.*

*He is a regular speaker at HR events, a member of the Human Capital Institute National Advisory Council on Talent Leadership, a founding member of the PwC Saratoga Institute advisory council on metrics, and a member of the Center for Talent Reporting Board of Directors.*

## **Dave Vance**



## **Executive Director, Center for Talent Reporting**

*David Vance is the former President of Caterpillar University, which he founded in 2001. Until his retirement in January 2007, he was responsible for ensuring that the right education, training and leadership were provided to achieve corporate goals and efficiently meet the learning needs of Caterpillar and dealer employees.*

*Prior to this position, Dave was Chief Economist and Head of the Business Intelligence Group at Caterpillar Inc. with responsibility for economic outlooks, sales forecasts, market research, competitive analysis and business information systems.*

# HCFI Products and Services

## TECHNOLOGY SOLUTIONS



### Human Capital Financial Statements

- Human Capital Impact Statement
- Human Capital Asset Statement
- Human Capital Flow Statement



### Workforce Planning

- Link Workforce and Financial Metrics
- Forecast Skills, Costs, Talent and Productivity



### Workforce Quantifier™ ROI Calculator

- ROI of Workforce Decisions
- Cost of Turnover, Cost per Hire



### Career Path Quantifier

- ROI of Career Path
- Build, Buy or Lease Talent Analysis



### Job Framework Mapping

- Integrated Taxonomy 15,000+ jobs
- Map Critical Job Roles



### Span of Control Optimizer™ Tool

- Benchmark and Optimize Spans
- Optimize Management Layers

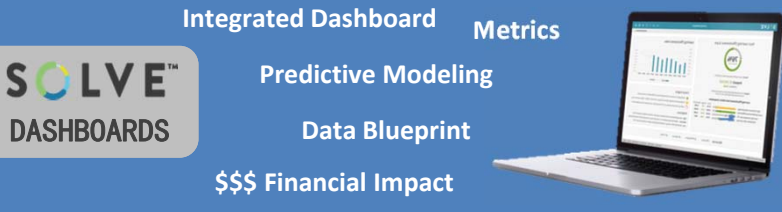


Integrated Dashboard Metrics

Predictive Modeling

Data Blueprint

\$\$\$ Financial Impact



## CONSULTING SERVICES



### Analytics COE and Roadmap Design



### Analytic Consulting On-Demand



### Workforce Analytics Assessment



### Statistical Prediction



### Data Integration Blueprint

## TRAINING & SUPPORT



### Training and Advisory Support

- Workforce Analytics Training
- Workforce Planning Training
- Custom onsite training



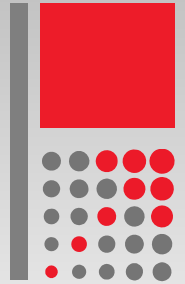
### Human Capital Metrics Handbook

620+ Metrics and Detailed Definitions



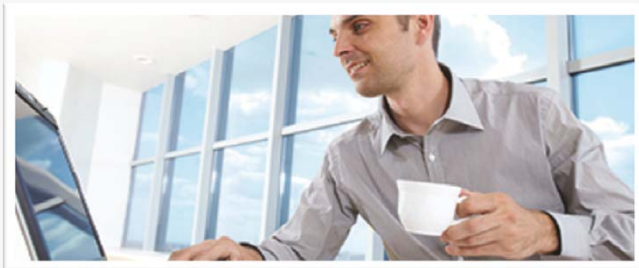
# *About the Center for Talent Reporting*

A Nonprofit Dedicated to Transforming our Profession



## **Setting Standards**

- Measurement
- Reporting
- Management



## **Educating Professionals**

- Webinars
- Workshops & Annual Conference
- White Papers



## **Providing Resources**

- Measures Library with more than 600 measures
  - Sample statements and reports (60+)
  - Implementation guidance
-

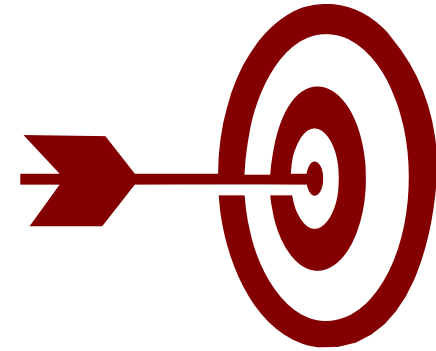
# Today's Discussion

- CFO/CEO Viewpoint and Case Study
- Running Learning like a Business
- How TDRp Can Help
- Conclusion

# *The CFO and CEO Perspective*

## *Where's the Money ?*

- All agree that Learning is Valuable. The Real question is “How Valuable is it?”
- What is the Language of Business?
- What does Management Care About Most?
- What is HR is most afraid to talk about?



# *Asking the Right Questions about Learning*

## *Can we answer the following?*

1. What is the ROI of Training Overall?
2. What Learning Programs add the Most Value?
3. If we Double the Training Budget, what Does the Business get besides Double the Cost?
4. Are you Measuring Learning ROI Today?  
*NOTE: What is not well measured is not well managed*
5. Is it better to build, buy or rent talent?



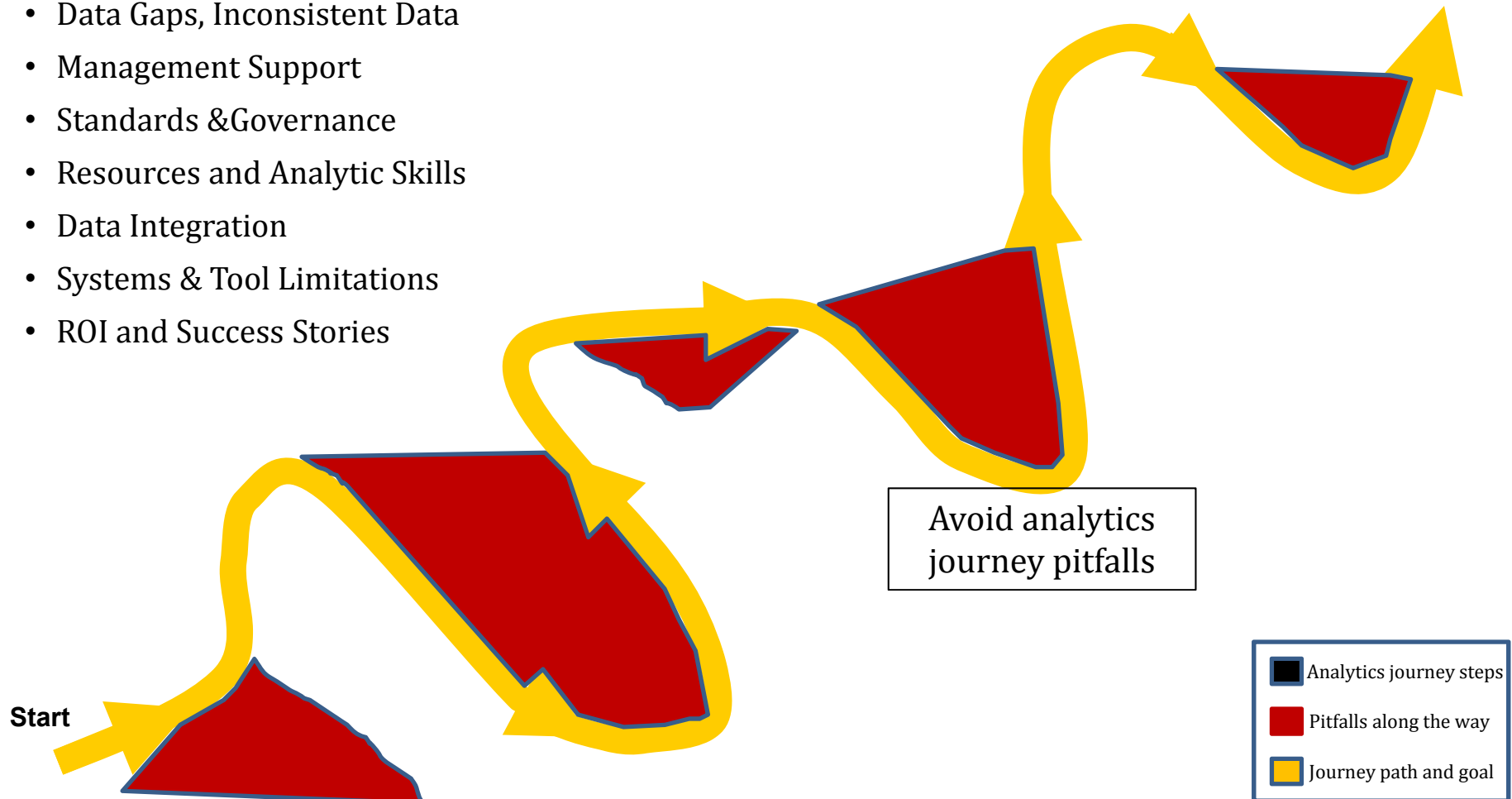
# The Human Capital Analytics Journey

Typically a 2-3 Year journey and NOT a straight line

## Challenges and Pitfalls on the journey

- Data Gaps, Inconsistent Data
- Management Support
- Standards & Governance
- Resources and Analytic Skills
- Data Integration
- Systems & Tool Limitations
- ROI and Success Stories

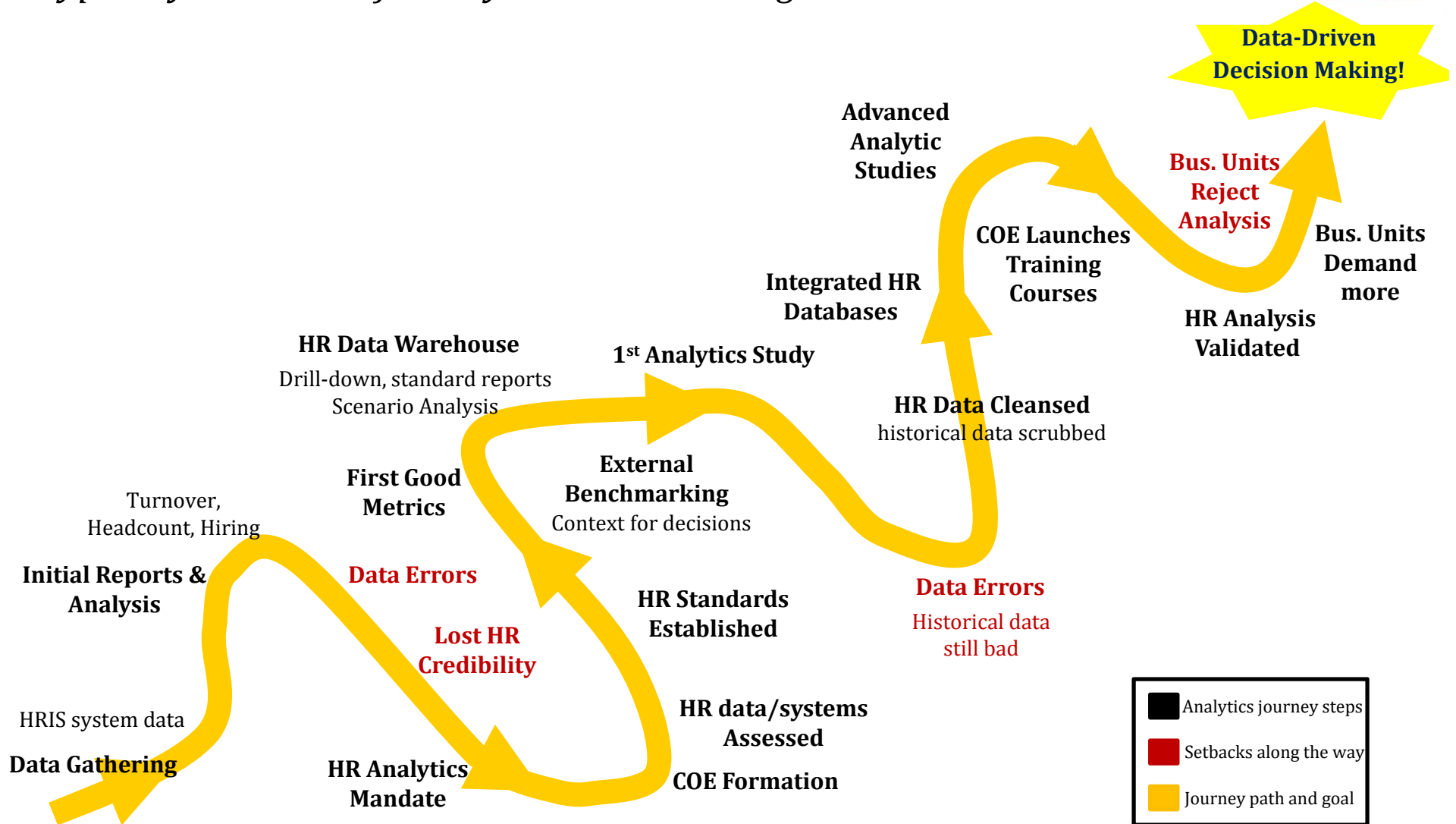
World Class Analytics  
Data Driven Decisions!





# The Human Capital Analytics Journey

Typically a 2-3 Year journey and NOT a straight line



# *What to Include in a Business Case*



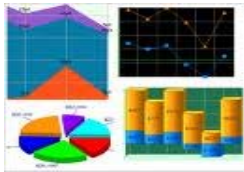
## **1. Compelling Questions**

- Ask the Right Questions



## **2. Objective Measures and Facts**

- Historical Data, Key Metric Indicators, Segmented Data



## **3. Powerful Visuals Charts**

- Chart(s) that Show Insight (i.e. Story) and Drive Action



## **4. Use Qualitative Story Telling**

- “Two of our Top 3 Salespeople came from other industries”



## **5. Link to Business Impact (ROI/Cost/Profit)**

- The Cost Savings is a range of \$1.0 to \$3.0 Million

# *Measuring Impact of Training*



# *History of Training Measurement*

## *The Elusive ROI of Training*

- Measuring training effectiveness is difficult.
- The most influential model is ***Kirkpatrick's Model of Learning*** which includes:
  - Level 1 - Reaction of Learning – student evaluation (smile sheets)
  - Level 2 - Learning – the resulting increase in knowledge
  - Level 3 - Behavior – extent of behavior capability improvement
  - Level 4 - Results – the effects on the business from increased performance
- Many have argued for an addition of a 5<sup>th</sup> level, ROI of Training
  - Sales and technical training impact can be measured directly with productivity metrics for sales and technical tasks (i.e. units produced, # of cases completed)
  - leadership training impact can be measured over time, using metrics linked to direct reporting staff performance, productivity and engagement

# Measuring Training Effectiveness

## How Training Adds Value



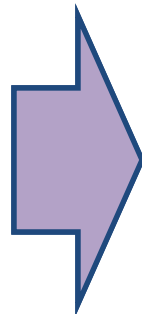
### Questions!

*How do we know our training \$\$\$ are well used?*

*What do we measure?*

*Do employees value training?*

*Does training drive productivity?*



**Productivity** = Measure pre/post training productivity

**Engagement** = Measure pre/post training engagement

**Bench Strength + Career Path** = ROI of internal Development

**Total Cost of Workforce** = Lower workforce cost vs. outside replacement cost

**Retention** = Measure pre/post training retention (i.e. critical roles or High Performers)

1

Measure by Job Category and Critical Role

2

Measure Each Training Course or Series

3

**NOTE:** Training ROI Drives Productivity, Career Mobility, Engagement and Retention

# Case Study: Training vs Turnover Rate

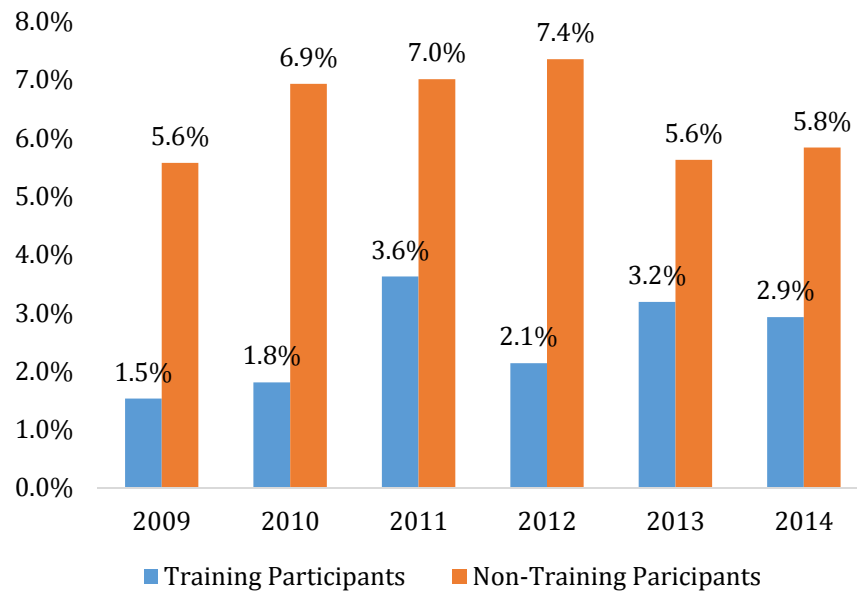
## ABC Health Institute



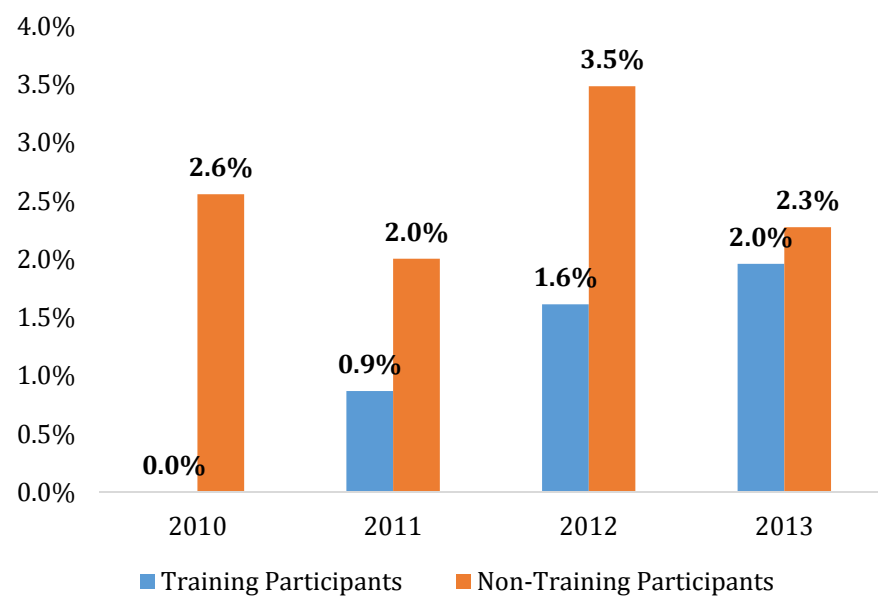
**Employees who attended training courses are 3X less likely to turnover than employees who did not attend any training**

**for High Performers who attended training, turnover is less than half the rate of High Performers who did not attend training**

Turnover Rate by Training Comparison



High Performer Turnover Rate Comparison

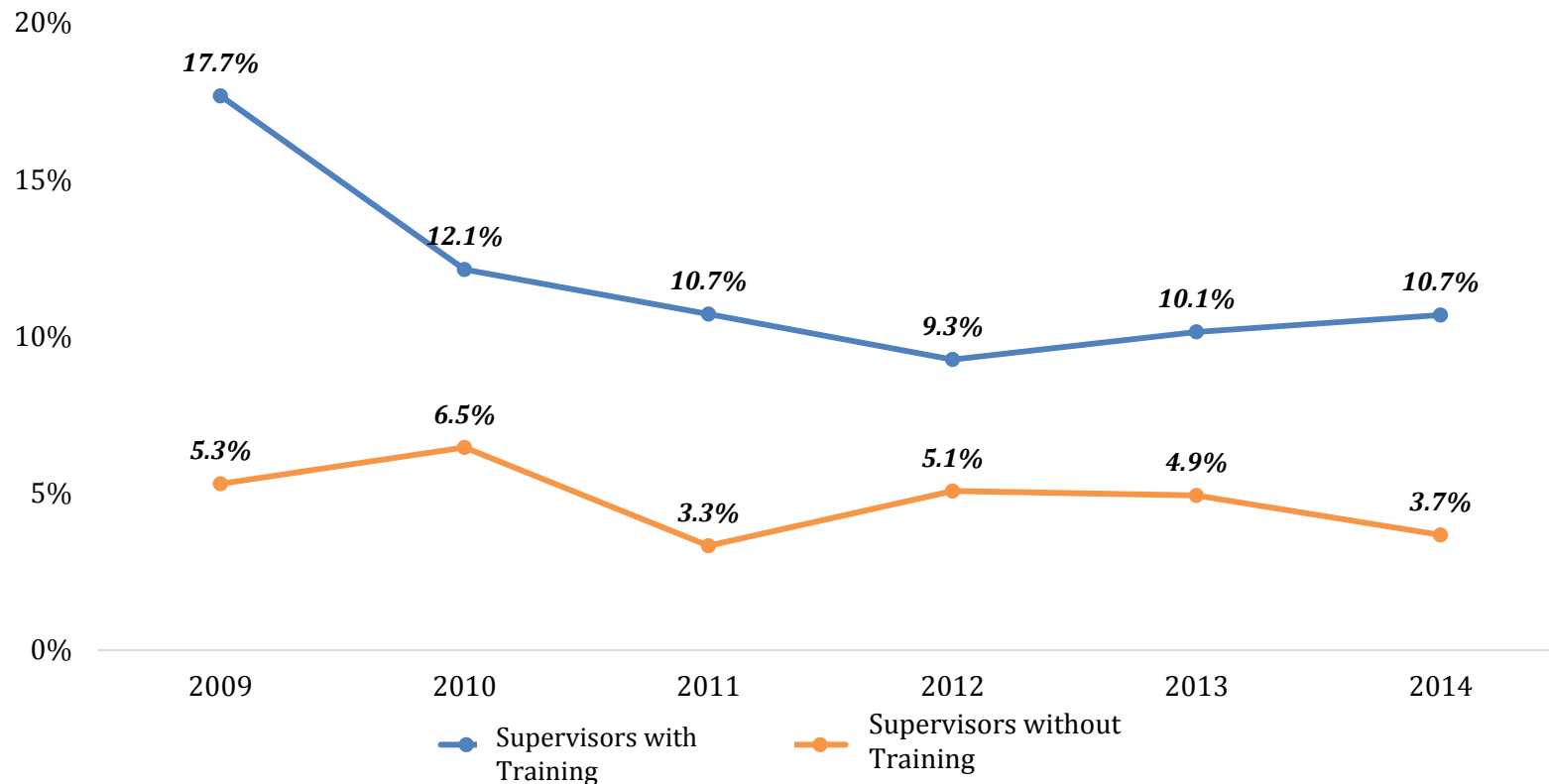


# Case Study: Training vs Managed Promotion Rate

## ABC Health Institute



Supervisors with training are more successful at creating career growth opportunities with more than 2X the rate of managed promotions than Supervisors without training





*Running Learning like a Business  
to  
Deliver Greater Value*



# *Four Steps to Running Learning like a Business to Deliver Greater Value*

1. Start with business goals
2. Align L&D and HR initiatives to business goals
3. Plan the initiatives carefully, including upfront agreement on what to manage and on measures of success
4. Execute and report with discipline



**These are all standard business practices!**

# Example of Strategic Alignment : A Business – Centric Approach

18



## Summary Strategic Alignment of Learning to Organization Goals

<u>Priority</u>	<u>Corporate Objective</u>	<u>Key Learning Programs</u>	<u>Target Audience</u>	<u>Number of Participants</u>	<u>Impact of Learning</u>	<u>Sponsor</u>
1 High	Increase sales by 10%	Consultative selling skills (new) New product information (revised)	Marketing ee's Marketing ee's	100 100	5% higher sales	Ortega
2 High	Reduce defects by 20%	Four Design courses (3 new)	Engineers	200	7% reduct. in defects	D'Agoto
3 High	Reduce Injuries by 25%	Five Safety courses (3 new) One Safety course (revised) Two Safety courses (1 new)	Manuf. ee's Factory Super. Office ee's	2500 100 500	15% reduction in injuries	Swilthe
4 Medium	Improve leadership score by 5 points on employee survey	Intro to supervision (revised) Leadership for managers (new) Advanced leadership (existing)	Supervisors Division Mgrs Dept Heads	100 65 15	2 point increase in leadership score	Wang
5 Medium	Increase ee retention by 10 points	Individual development plans Performance management(new)	All employees Mgt. ee's	5000 2500	3 point increase in retention	Dreise
9 Low	Reduce technical support complaints by 30%	Product training (new) Customer relations skills (revised)	Call Center ee's Call Center ee's	50 25	15% reduction in complaints	Salvatore
10 Low	Reduce exposure to fraud and insider trading	One online fraud course (new) One online insider trading (existing)	Select ee's Select ee's	1700 1500	Essential	Omwetti

# Example of L&D – Centric Approach



## L&D Plans for 2015

<u>L&amp;D Priority</u>	<u>Key Learning Programs</u>	<u>Number of Courses</u>	<u>Target Audience</u>	<u>Unique Participants</u>	<u>Total Participants</u>
1	Individual development plans	NA	All employees	5,000	5,000
	Performance mgt (new)	<u>1</u>	Mgt employees	<u>2,500</u>	<u>2,500</u>
	Total key programs	1		5,000	7,500
2	Intro to supervision (revised)	1	New, other supervisor	100	100
	Leadership for managers (new)	1	Division managers	65	65
	Advanced leadership (existing)	<u>1</u>	Department heads	<u>15</u>	<u>15</u>
	Total key programs	3		180	180
3	Four Design courses (3 new)	4	New, other engineers	200	800
4	Consultative selling skills (new)	1	Marketing employees	100	100
	Ten NPI modules (10 new)	<u>10</u>	Marketing employees	<u>100</u>	<u>1,000</u>
	Total key programs	11		100	1,100
5	Five Safety courses (3 new)	5	Manufact. associates	2,500	12,500
	One Safety course (revised)	1	Factory supervisors	100	100
	Two Safety courses (1 new)	<u>2</u>	Office employees	<u>500</u>	<u>1,000</u>
	Total key programs	8		3,100	13,600
<b>Grand Total</b>		<b>27</b>		<b>5,000</b>	<b>23,180</b>
Courses: 20 New, 3 Revised					

# *Four Steps to Running Learning like a Business*

20



1. Start with business goals
  - a. From CEO or planning documents
  - b. Prioritized list of goals and sponsors
  
2. Align L&D initiatives to business goals
  - a. Meet with sponsors to determine if L&D has a role to play
  - b. Are there any new initiatives which could help achieve the goal?



# *Four Steps to Running Learning like a Business*



3. If L&D does have a role to play, plan the learning carefully with the sponsor
  - a. Agree on the program specifics
  - b. Agree on planned impact or some other measure of success
  - c. Agree on what it will take to achieve planned impact
4. Manage to plan using monthly reports showing plan and YTD results
  - a. Focus on the key, critical measures





## *How TDRp Can Help*



# *Talent Development Reporting Principles (TDRp)*

- Common language and framework
  - » Three types of measures
  - » Three reports
- Standard processes for the management of human capital
  - » Planning
    - Alignment
    - Reaching agreement on measures of success
  - » Measurement
  - » Reporting
  - » Execution

**Center for Talent Reporting Mission:**  
Improve & standardize the measurement, reporting, and management of human capital to increase business value

# *Common Language and Framework*

24



- Adopt three types of measures
  - » **Effectiveness measures:** quality
  - » **Efficiency measures:** quantity, cost, utilization
  - » **Outcome measures:** impact on the business (organization)
  - » Make sure you measure all three and decide which are important enough to actively manage
- Put the measures to be managed in three type of reports
  - » **Summary Report**
  - » **Operations Report**
  - » **Program Report**
  - » You will need a plan for each measure



# *The Three Types of TDRp Measures*

25



- **Effectiveness:** quality of program or initiative
  - » For individual programs and for enterprise overall
  - » Examples: Participant satisfaction with training, quality of hire, satisfaction with performance management or compensation, bench strength
- **Efficiency:** efficiency of program or initiative
  - » For individual programs and for enterprise overall
  - » Examples: Number of hires, number of participants, number of performance discussions, span of control
- **Outcomes:** impact of HR initiatives on organizational goals
  - » Will be a different set for each organization because goals and initiatives are different.
  - » Common outcome measures are impact on: sales, cost, quality, employee engagement, leadership score, diversity, etc.

# *TDRp Reports Provide What You Need to Manage Throughout the Year*

26



- Three levels of reports
  - » **Summary Report** (for CEO, SVPHR, and Dept. Head)
  - » **Operations Report** (for Managers and Dept. Head)
  - » **Program Report** (for Managers and Dept. Head)
- Contain your most important outcome, effectiveness, and efficiency measures
- Executive-level reports show
  - » Last year's actual
  - » Plan (or goal) for this year
  - » Year-to-date results
  - » Forecast for this year
- Detailed reports for managers may show
  - » Monthly, quarterly, trend data
  - » Granularity
  - » Without plan or forecast

# *Reports Designed to be used in Monthly Meetings to Manage/Share Results*

27



- Department Head meeting with direct reports
  - » Ideally in a 1-2 hour meeting dedicated to managing results
  - » Cover Summary Reports, Operations Report, Program Reports
  - » Take management action as necessary to deliver plan
- Program Manager with team
  - » Use Program Reports to manage program
  - » Prepare program Report to be shared with Department Head
- Other meetings (Senior Leaders, Board of Governors, CEO)
  - » Use Summary Report

# Sample L&D Summary Report

## Good for CEOs, CFOs

28

Priority	Organization Goals and L&D Outcome Measures	Unit of Measure	2014	For 2015				
			Actual	Plan	Jun YTD	% of Plan	Forecast	Forecast as % of Plan
1	Revenue: Increase Sales by 20%							
	Corporate Goal or Actual	%	10%	20%	17%	85%	20%	100%
	Impact of L&D Initiatives: 25% contribution to goal	%	1%	5%	4%	80%	5%	100%
2	Engagement: Increase Engagement Score by 3 Points to 69.4%							
	Corporate Goal or Actual	Points	1 pt	3 pts	1.9 pts	63%	3 pts	100%
	Impact of L&D Initiatives: Low Impact on goal	H/M/L	Low	Low	Low	On plan	Low	
3	Safety: Reduce Injuries by 20%							
	Corporate Goal or Actual	%	10%	20%	15%	75%	20%	100%
	Impact of L&D Initiatives: 70% contribution to goal	%	5%	14%	11%	75%	14%	100%
4	Costs: Reduce Operating Expenses by 15%							
	Corporate Goal or Actual	%	5%	15%	2%	13%	10%	67%
	Impact of L&D Initiatives: Medium Impact on goal	H/M/L	Low	Medium	Low	Below plan	Low	
5	Retention: Improve Retention of Top Performers by 5 Points to 90%							
	Corporate Goal or Actual	Points	-3 pts	5 pts	2 pts	67%	5 pts	100%
	Impact of L&D Initiatives: None Planned	NA						
6	Quality: Improve Quality Score by 4 Points to 80%							
	Corporate Goal or Actual	Points	1.6 pts	4 pts	2.9 pts	73%	4 pts	100%
	Proxy for impact: Application of Key Behaviors	% who applied them	84%	95%	70%	74%	80%	84%
<b>Effectiveness Measures</b>								
	Participant Feedback	% favorable	78%	84%	84%	100%	84%	100%
	Sponsor Feedback	% favorable	75%	80%	77%	96%	78%	98%
	Learning	Score	78%	85%	80%	94%	84%	99%
	Application rate	% who applied it	61%	75%	64%	85%	70%	93%
<b>Efficiency Measures</b>								
	Percentage of employees reached by L&D	%	85%	88%	72%	82%	88%	100%
	Percentage of ee's with development plan	%	82%	85%	84%	99%	90%	106%
	Percentage of courses developed on time	%	73%	92%	88%	95%	90%	98%
	Participants in All Programs							
	Total Participants	Number	109,618	147,500	67,357	46%	145,000	98%
	Unique Participants	Number	40,729	45,313	36,998	82%	44,000	97%

# Sample Operations Report for L&D

[Home](#)

## Learning and Development Sample Executive Operations Report Results through June

<b>Effectiveness Measures</b>		<b>2014</b>	<b>For 2015</b>			
		<b>Actual</b>	<b>Plan</b>	<b>Jun YTD</b>	<b>% Plan</b>	<b>Forecast</b>
Level 1: Participant Feedback (All programs)	% favorable	80%	85%	87%	102%	85%
Level 1: Sponsor Feedback (Select programs)	% favorable	75%	80%	77%	96%	78%
Level 2: Learning (Select programs)	Score	78%	85%	83%	98%	84%
Level 3: Application rate (Select programs)	% who applied it	61%	75%	78%	104%	79%
Level 4 (Select programs)	% top two boxes	61.0%	75.0%	78.0%	104.0%	78%
Level 5 (Select programs)						
Net benefits	Thousands \$	\$546	\$800	\$345	43.1%	\$800
ROI	%	29%	35%	32%	91.4%	33%
<b>Efficiency Measures</b>						
<b>Course Management</b>						
Total Developed	Number	22	36	24	67%	35
Number Meeting Deadline	Number	16	33	21	64%	33
% Meeting Deadline	%	73%	92%	88%	95%	94%
Total Delivered	Number	143	178	167	94%	178
Number Meeting Deadline	Number	89	160	139	87%	155
% Meeting Deadline	%	62%	90%	83%	85%	87%
% of courses that are traditional classroom	%	56%	43%	46%	107%	42%
E-learning course utilization rate	% taken by 20+	83%	97%	91%	94%	97%
% of employees reached by L&D	%	85%	88%	72%		88%
L&D Expenditure	Million \$	\$15.8	\$20.2	\$9.9	49%	\$20.2
Cost Reduction (internal to L&D)	Thousand \$	\$63	\$295	\$168	57%	\$325

# Sample Program Report for L&D

## Programs in Support of the Goal to Reduce Injuries

30



### Results through June

		<u>2014</u>	<u>2015</u>	<u>YTD as</u>		<u>Forecast as</u>	
<u>Sponsor:</u>	<u>Metric</u>	<u>Actual</u>	<u>Plan</u>	<u>YTD</u>	<u>% of Plan</u>	<u>Forecast</u>	<u>% of Plan</u>
Swilthe, VP of Manufacturing	%	12%	30%	20%	67%	30%	100%
<b>Enterprise Goal: Reduce Injuries</b>	H/W/L	Medium	High	High	Below Plan	High	On Plan
<b>Expected Impact of Learning:</b>							
		<u>2011</u>	<u>2012</u>	<u>YTD as</u>		<u>Forecast as</u>	
<u>Metric</u>	<u>Actual</u>	<u>Plan</u>	<u>YTD</u>	<u>% of Plan</u>	<u>Forecast</u>	<u>% of Plan</u>	
<b><u>Programs to Reduce Injuries</u></b>							
<b>1 Deliver Phase 1 Courses for Factory A</b>							
Effectiveness measures							
Level 1: Participants	%	70%	80%	85%	106%	82%	103%
Sponsor	%	75%	90%	88%	98%	88%	98%
Level 2: Test score	%	86%	90%	95%	106%	92%	102%
Level 3: Application rate	%	53%	65%	62%	95%	63%	97%
Efficiency measures							
Unique Participants	Number	452	3,000	2,800	93%	3,200	107%
Total Participants	Number	858	6,000	5,542	92%	6,300	105%
<b>2 Develop Phase 2 Courses for Factory B</b>							
Efficiency measure: Complete by 5/30	Number	NA	3	3	100%	3	100%
Effectiveness measure: Sponsor Satisfaction	%	NA	90%	90%	100%	90%	100%
<b>3 Deliver Phase 2 Courses for Factory A</b>							
Effectiveness measures							
Level 1: Participants	%	NA	80%	80%	100%	82%	103%
Sponsor	%	NA	90%	90%	100%	88%	98%
Level 2: Test score	%	NA	90%	92%	102%	90%	100%
Level 3: Application rate	%	NA	70%	61%	87%	65%	93%
Efficiency measures							
Unique Participants	Number	NA	1,000	100	10%	1,100	110%

# Conclusion



- Tremendous opportunities exist for us to deliver greater value
  - We need to do a better job
    - » Speaking the language of business
    - » Partnering better with the senior leaders and sponsors
    - » Aligning with our organization's goals
    - » Managing our initiatives and departments with business discipline
      - Deciding which measures are important enough to manage
      - Setting a plan for them
      - Actively managing to deliver that plan
  - TDRp can help through
    - » Common language and framework
    - » Standard processes and guidance for measuring, reporting, and managing
-

# Accelerate Your Mastery

32



- Public Webinars

- » Intro to TDRp (7/14)
- » Senior Leaders (7/15) **NEW for 2015**
- » Website Tour (7/16) **NEW for 2015**

- Members Only Webinars

- » Implementation CSFs (6/17) **REVISED**
- » Implementation Guidance (6/18) **REVISED**
- » What's New in 2015 (7/23) **NEW**
- » Accounting Basics (8/25) **NEW**
- » Financial Acumen (6/24) **NEW**
- » Planning, Estimating, and Forecasting (7/22) **NEW**
- » Data Gathering Considerations (8/11) **NEW**
- » The Six HR Processes (6/3) **NEW**

- TDRp Basics Workshops

- » **October 21-22 Denver**

- **Custom workshops and coaching available**

- » 1 or 2-day workshops on site **NEW**

- Certification

- » Individuals
- » Vendors providing software products employing TDRp

- Business Acumen Resources

- Community of Practice for Members



# *Learn More about TDRp*

33



- Learn more and get implementation guidance at [www.CenterforTalentReporting.org](http://www.CenterforTalentReporting.org)
  - » Introduction to TDRp whitepapers
  - » Over 600 measures
  - » More than 70 sample statements and reports
  - » Guidance on implementation
  - » Workshop and webinar registration
- Contact for more information:
  - » Dave Vance: [DVance@CenterforTalentReporting.org](mailto:DVance@CenterforTalentReporting.org)
  - » Peggy Parskey: [PParskey@CenterforTalentReporting.org](mailto:PParskey@CenterforTalentReporting.org)



---

## *Contact Information*



**Jeff Higgins, CEO**

[Jeff.Higgins@hcminst.com](mailto:Jeff.Higgins@hcminst.com)

**Moun Peterson, Director of Workforce Analytics**

[Moun.Peterson@hcminst.com](mailto:Moun.Peterson@hcminst.com)

[www.hcminst.com](http://www.hcminst.com)



**David Vance, Executive Director**

[DVance@CenterforTalentReporting.org](mailto:DVance@CenterforTalentReporting.org)

**Peggy Parskey, Assistant Director**

[PParskey@CenterforTalentReporting.org](mailto:PParskey@CenterforTalentReporting.org)

[www.CenterforTalentReporting.org](http://www.CenterforTalentReporting.org)

---

---